Medicare, Malpractice Top 2005 Health Agenda

Scrapping the sustainable growth rate would be a first step toward fair payment for Medicare physicians.

BY THE
PRACTICE TRENDS STAFF
Cardiology News

While medical liability and health care reform remain the top issues for many physicians this year, more urgently needed is a fix to Medicare's flawed payment formula, which threatens cuts of up to 5% in 2006 and cumulative cuts of 30% through 2012.

"It's certainly one of our top priorities for the coming legislative year," Paul Speidell, government affairs representative for the Medical Group Management Association (MGMA), told this newspaper. Health information technology and other capital investments "are all thrown into question for the physician practice community when you're looking at cuts that major."

The issue should generate widespread interest, as "every member of Congress has physicians and Medicare beneficiaries in their district," Mr. Speidell said. All of the physician groups who spoke with this newspaper detailed grassroots and other efforts to get Congress to avert the cuts.

"[The Medicare physician fee schedule] is a likely subject for our committees, and it's possible we'll do hearings" on the issue this year, but no specific agenda has been discussed, Jon Tripp, deputy communications director with the Energy and Commerce Committee, said in an interview.

An ideal scenario would be to scrap the sustainable growth rate (SGR), a component in the physician pay formula that determines each year's update, and to "look toward a vision of paying for performance and rewarding quality," a Senate aide told CARDIOLOGY NEWS.

That approach comes with a high price tag: The Congressional Budget Office estimates it would cost $95 billion to replace the SGR. Exploring that option "really all depends on what the budget outlook is for this year," the aide said.

No matter what the cost, the fix needs to be done, Robert Doherty, senior vice president for governmental affairs and public policy with the American College of Physicians, said in an interview. "The cost of fixing this may be high, but the reason it's high is because the hole is so deep—and we did not dig that hole. All we're asking is to fill in that hole so we're breaking even."

The budget situation is clearly the biggest obstacle, Mr. Doherty said. "If the deficit was not bad as it is, it wouldn't be that difficult."

While no one can predict whether Congress will pursue a permanent fix or a temporary reprieve as they've done in the past, physicians would gain more credibility if Congress didn't focus solely on fixing the SGR, Mr. Doherty said. "We need to engage in other reforms to the physician payments system to make it more functional for the physician, payer, and patient," he said.

Malpractice reform is on the top of President Bush's health care agenda and will likely take precedence over the public health safety net and other health care reforms in 2005. Several physician groups and the administration have long advocated a $250,000 cap on noneconomic damages as part of a reform package.

The hurdle ahead is getting the Senate to approve such a bill, Matt Salo, director of the health and human services committee with the National Governors Association, told this newspaper. "Ultimately, you need 60 votes in the Senate to get a bill through. While the Republican margin is a little larger after the elections, it's not 60," Mr. Salo said.

Passage of the bill is possible, provided that all 55 Republicans in the Senate vote for it, Mr. Doherty said. "We'd also need to win over five Democrats to override a filibuster." Achieving liability reform "would be a real test of the president's political capital."

But physicians will have to decide which is more important, a Medicare payment increase or medical liability reform, a Republican House staff member said at a meeting sponsored by the American Bar Association. "They've got two competing interests," he said. And while some physician groups may pursue liability reform on the assumption that Congress is probably going to pass the payment increase anyway, that isn't necessarily the case, the aide told this newspaper.

Physicians are also holding their breath on the expected transition from the International Classification of Diseases, 9th Revision (ICD-9)—the current diagnosis and inpatient procedure classification system—to the 10th revision (ICD-10).

An upgrade had been recommended on the premise that the ICD-9 was too antiquated to address the need for accurate health care billing in today's technology-driven environment. But physician groups remain concerned that ICD-10 has the potential to drive up costs and add new hassles to physician practice.

The Department of Health and Human Services may issue a proposed rule in 2005, although it's questionable that regulators are looking for more feedback at this point, Robert M. Tennant, MGMA's senior policy advisor for health informatics, said in an interview. Physicians would prefer a staggered implementation date, Mr. Tennant said. In addition, "we would like health plans to be compliant first, so physician practices could have time to get their systems upgraded and complete their testing and staff training," he said. The goal is to make sure the transition is cost effective and causes as little disruption to the industry as possible, he said.

The new year also brings new leadership to the federal health bureaucracy. At press time, President Bush named Michael O. Leavitt as his pick to lead HHS. Mr. Leavitt served as the administrator of the Environmental Protection Agency in the president's first administration and was previously governor of Utah. Mr. Leavitt must be confirmed by the Senate before assuming his new duties.

At the Centers for Medicare and Medicaid Services, much effort will be focused this year on getting ready to launch the new Medicare prescription drug benefit just 1 year from now.

This will be the final year for the drug discount cards that were instituted as a bridge to Medicare drug coverage. The lessons of the drug card should prompt Congress to simplify the Part D drug benefit, said Robert M. Hayes, president of the Medicare Rights Center. But conventional wisdom is that Congress won't do anything to address it this year, and will wait until next year to address problems.

Congress should act to ensure that there is one clear Medicare-run drug plan in every region of the country and that Medicare automatically enrolls low-income seniors. Also, Congress should standardize the benefit packages, he said.

A lot of beneficiary education will be needed this year, said John Rother, director of policy and strategy at AARP (formerly the American Association of Retired Persons), especially since the choices will be different across the country. ■

Joyce Frieden, Jennifer Silverman, and Mary Ellen Schneider contributed to this report.

TALK BACK

What do you see as the most important health policy issues in the year ahead?

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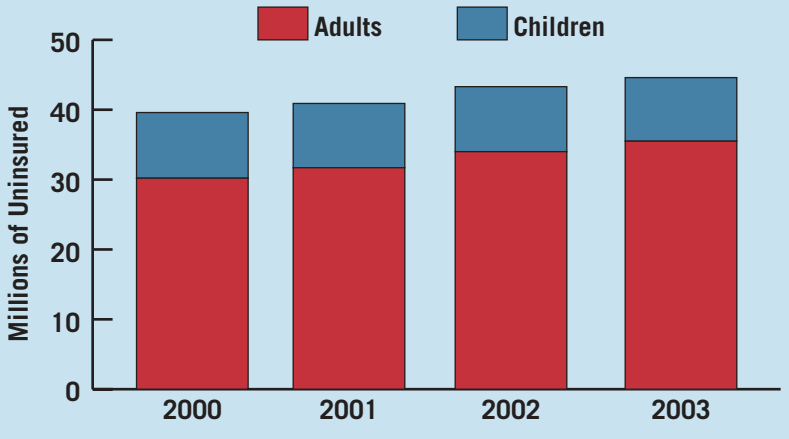
DATA WATCH



Notes: Based on data from the March supplements to the Current Population Survey. Excludes persons aged 65 and older and those in the armed forces.

Sources: Urban Institute, Henry J. Kaiser Family Foundation

KEVIN FOLEY, RESEARCH/ANGIE RIES, DESIGN

Priorities for 2005 At the ACC

Maintaining cardiovascular specialists' ability to provide imaging services to their patients in the office will be one of the top priorities for the American College of Cardiology in 2005, according to Barbara Greenan, the group's senior director of advocacy.

Recently, the radiology community has been pursuing efforts at both the federal and state levels to restrict imaging services performed by nonradiologists by claiming that the growth in imaging services is linked to inappropriate self-referral.

Although ACC is concerned about any inappropriate growth in imaging services, Ms. Greenan said, the group believes that imaging procedures have come under attack unfairly. ACC wants first to investigate the reasons for and the effects of such growth to ensure that there is no reduction in patients' access to quality diagnostic services. The growth in cardiac imaging has also paralleled the increased use of imaging as part of overall ongoing patient care, as well as growth in the prevalence of heart disease.

The best way to address this concern is through an examination that focuses on quality issues, she said.

ACC, which is part of a coalition called Physicians for Patient-Centered Imaging, is working with physician groups, public and private payers, and other health care organizations on these quality efforts and is in the process of developing appropriateness criteria for imaging modalities.

This year, ACC will also be working to get changes made to the Medicare physician fee schedule. ACC plans to work with congressional leaders and the administration, but the tight federal budget situation will make finding solutions difficult, Ms. Greenan said.

ACC will continue to push to enact medical liability reform. Ms. Greenan said they continue to favor reform that would place caps on noneconomic damages.

—Mary Ellen Schneider

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