

# AMA Delegates Focus On Imported Drugs

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ATLANTA — Delegates to the American Medical Association's interim meeting last month made a bold move to support prescription drug importation by wholesalers and pharmacies, provided that certain safety conditions are met.

"Prescription drugs should be available at the lowest price possible, and we must ensure quality and safety," AMA Trustee Edward Langston, M.D., said at a press briefing following the vote.

The policy approved by the House of Delegates states that the drugs must be approved by the Food and Drug Administration and must be subject to reliable "track and trace" technology and a closed distribution chain. The policy was swiftly approved by the house after much discussion in committee.

The AMA also reaffirmed that it does not support personal importation of prescription drugs via the Internet until patient safety can be assured.

The policy urges the AMA to educate members regarding the risks and benefits associated with reimportation efforts.

"We're certainly gratified the AMA emphasized the need for safety" in its new policy, Jeff Trehitt, spokesman for the Pharmaceutical Research and Manufacturers Association, told this newspaper. PhRMA, however, "remains convinced that importation is too riddled with problems to pursue."

The AMA's position on patient safety and reimportation could change once it reviews a forthcoming report from a task force of the Department of Health and Human Services, the policy stated.

The issue is certain to come up in the House of Delegates again. In committee debate, Erich Garland, M.D., AMA delegate from the American Academy of Neurology, asked that the AMA look further into the cost discrepancy between Canada and other countries. Recently, "I was surprised to find that large insurance companies were reimbursing patients for medicines they got in other countries," Dr. Garland said. "We shouldn't need to reimport medicine."

Delegates backed another controversial issue—specialty hospitals—when they approved a board report encouraging competition among health facilities as a means of promoting high quality, cost-effective care. The report also opposed efforts to extend a federal 18-month moratorium on physician referrals to specialty hospitals in which they have an ownership interest.

Delegates approved several measures designed to address the influenza vaccine shortage, asking that physicians be allowed to form purchasing alliances for competitive purchasing of the vaccine comparable with large purchasers supplying pharmacy and grocery chain stores.

Language to study mechanisms to help the uninsured was also approved. Delegates in one instance broadened the scope of a board report, stipulating that federal

legislation to authorize and fund state-based demonstration projects should include—but not be limited to—implementing income-related, refundable, and affordable tax credits.

In other actions, delegates voted to:

- ▶ Seek the replacement of the Medicare payment formula's sustainable growth rate with payment updates that reflect increases in the cost of medical practice.

- ▶ Pursue caps on noneconomic damages as a top priority in medical liability reform, with a request to the board of trustees to report efforts to reform the civil justice system, as part of its coalition-building activities.

- ▶ Support federal funding of comprehensive sex education programs that stress the importance of abstinence in preventing unwanted pregnancies and sexually transmitted diseases, and that also teach about contraception and safer sex.

- ▶ Create model state legislation for physicians who testify in medical liability cases, emphasizing that they must meet statutory expert witness requirements, such as comparable education, training, and occupational experience in the same field as the defendant.

"Junk science has no place in the courtroom," said Donald Palmisano, M.D., AMA's immediate past president.

The stance on prescription drug importation and specialty hospitals provided the House of Delegates the opportunity to flex its political muscle at a time when the AMA is struggling with its identity and appeal to younger physicians.

Delegates heard the evidence for themselves in video clips of young participants in focus groups, and in new survey data, where only 11% of 800 physicians identified the AMA as a leadership body to which they could relate.

"Physicians simply aren't clear about who we are and what we do," Michael Maves, M.D., the AMA's executive vice president, said during the meeting's opening session.

In addition, "the AMA is not getting credit from physicians for the advocacy work it does," said Ajay Gupta, a principal at McKinsey & Co., a management consulting firm that conducted the survey and the focus groups.

The survey reaffirmed a longtime trend that physicians prefer their specialty or state society to a broader umbrella organization. Only 19% of the survey participants thought the AMA increased opportunities for their voices to be heard on important issues, as opposed to specialty groups (49%) and state groups (30%). In comparing current member penetration, the AMA "was fifth in the wallet behind specialty, state, and county societies," Mr. Gupta said.

Lack of confidence in the AMA has manifested in declining membership. The percentage of nonrenewals in AMA membership doubled from 10% to 20% over the last decade, with young, active physicians accounting for most of the decline. "That amounts to 430,000 physicians who are no longer members," Mr. Gupta said. ■

## POLICY & PRACTICE

### Challenges of Running a Practice

Many physicians in private practice wish they could spend less time running their practice—and more time practicing medicine, an American Express survey of 663 physicians indicated. Twenty-six percent of physicians who responded described the dual role of practicing medicine and running their business as "extremely challenging," and half reported spending the equivalent of at least 1 full day each week on tasks related to business management. "Nearly one in four say they would not have opened their own medical practice if they fully understood the business challenges of running a practice when they began their careers," said medical practice management specialist J. Max Reiboldt in response to the findings. Many respondents noted that they felt the need to develop better business skills, including financial and business management. The Medical Practice Monitor survey was based on interviews conducted in 2004 by Harris Interactive.

### Payments for the Elderly

U.S. seniors spent an average of \$11,089 out of pocket on health care goods and services in 1999, but nearly half that amount was reimbursed by Medicare, and another 15% was paid for by Medicaid, according to a report by the Centers for Medicare and Medicaid Services' Office of the Actuary. The amount spent out of pocket by seniors was quadruple the average of \$2,793 for people under age 65 years. "What this report shows is the importance of our efforts to bring down the high cost of health care for America's seniors," CMS Administrator Mark B. McClellan, M.D., said in a statement. Although people aged 65 years and over made up only 13% of the population in 1999, they accounted for 36% of personal health care spending, according to the report. Conversely, children made up 29% of the population but accounted for only 12% of personal health care spending in that year.

### Medicaid Prescription Drug Charges

The Medicaid program is being overcharged for prescription drugs, George M. Reeb testified to the House Energy and Commerce subcommittee on oversight and investigations. Mr. Reeb, who is the assistant inspector general for the Centers for Medicare and Medicaid Audits at the Department of Health and Human Services, said part of the problem is that states vary greatly in the reimbursement amounts they set for prescription drugs. For example, "based on state data, we estimated that, overall, Medicaid could have saved as much as \$86.7 million in fiscal year 2001 if all 42 states had reimbursed at the same price as the lowest paying state for each of the drugs reviewed," Mr. Reeb reported in his testimony. Among his recommendations is that states be provided with enhanced access to accurate wholesale

pricing information and adopt other strategies to contain costs.

### Guidance on Inpatient Status

To help physicians do a better job of admitting patients to the hospital, CMS should simplify its use of the terms "observation" and "inpatient admission," a federal advisory panel has recommended. The Practicing Physicians Advisory Council drew up the resolution after CMS officials indicated that there was some "confusion" between hospitals and admitting physicians on patient status. Specifically, there are times when a hospital admits a patient to inpatient status when the physician intended the patient to be admitted for observation. The panel recommended that CMS provide this guidance on the "MedLearn Matters" Web site, which posts articles to Medicare providers that help them understand new or changed Medicare policy.

### Historic Fraud Case in Missouri

In the largest fraud settlement reached in the Eastern District of Missouri, Gambro Healthcare will pay more than \$350 million in criminal fines and civil penalties to settle allegations of health care fraud in the Medicare, Medicaid, and TRICARE programs. The settlement resolves civil liabilities stemming from alleged kickbacks paid to physicians, false statements made to procure payment for unnecessary tests and services, and payments made to Gambro Supply, a sham durable medical equipment company. "Gambro engaged in fraud to obtain millions of dollars of federal health insurance funds for unnecessary tests and services," said U.S. Attorney James G. Martin in a statement. Gambro Healthcare, a global provider of kidney dialysis services, "cooperated fully with the government to settle this matter and put behind us issues that arose during a period of rapid and complex industry consolidation in the 1990s," said its president, Larry Buckelew.

### Malpractice: No. 3 Issue for Voters

Medical malpractice reform was one of the top three health care issues for voters who participated in a survey sponsored by the Federation of American Hospitals, ranking behind the uninsured, and before reimportation of drugs from Canada. Most of the respondents (40%) cited lawyers as being the most responsible for physicians leaving their practice due to high malpractice insurance costs, followed by insurance companies (26%), plaintiffs (17%), and physicians (5%). Insurance companies and HMOs were cited as the biggest reason for rising health care costs (37), followed by lawsuits (30%). On other health care issues, seven out of 10 voters overwhelmingly opposed cuts to Medicare and Medicaid programs. The study represented a poll of 1,000 registered voters, plus 478 voters aged 65 and older.

—Jennifer Silverman