

POLICY & PRACTICE

AMA: Investigate Store Clinics

The American Medical Association has called for investigations into potential conflicts of interest posed by joint ventures between store-based health clinics and pharmacy chains. Physicians at the AMA's House of Delegates in Chicago voted to ask state and federal agencies to determine whether these joint ventures pose a threat to patients' welfare. "There are clear incentives for retailers to participate in the implementation and operation of store-based health clinics," AMA board member Dr. Peter Carmel said in a statement. "The nation's physicians want the AMA to ensure these incentives do not compromise the basic obligation of store-based clinics to provide patients with quality care." The AMA also noted that some insurers are allowing store-based clinics to waive or lower patient copayments, while still requiring physicians to collect such payments. The House of Delegates, noting concerns that these lower copayments for in-store clinics could inappropriately steer patients to the clinics on the basis of cost, rather than quality of care, voted to seek equal treatment for physicians regarding health insurers' copayment policies.

CDC: 43 Million Lack Coverage

Nearly 15% of Americans—43.6 million—lacked health insurance in 2006, according to the Centers for Disease Control and Prevention. Among Americans ages 18 through 64, nearly 20% lacked health insurance in 2006, a slight increase from about 19% in 2005, the CDC said. About 9% of children did not have health coverage in 2006, a marked drop from 14% in 1997, the year the State Children's Health Insurance Program (SCHIP) was enacted. The CDC noted that the percentage of uninsured Americans in the 20 largest states varied from less than 8% in Michigan to nearly 24% in Texas. The CDC study was based on data collected from interviews in more than 100,000 households nationwide.

Hospital Comparison Site Upgraded

The CMS said that it has improved the hospital comparison tool available on its Hospital Compare consumer Web site (www.hospitalcompare.hhs.gov). A total of 21 measures of hospital care quality are available on the Web site for consumers to view, according to the CMS. The agency also unveiled the first annual update of pricing and volume information on certain elective hospital procedures, and noted that the information available also includes details on mortality outcome measures that reflect care of patients with acute myocardial infarction and heart failure at more than 4,500 hospitals across the country. These mortality outcome measures are risk-adjusted and take into account previous health problems to "level the playing field" among hospitals. In 2008, the CMS will add patient satisfaction information. Through the Hospital Compare

consumer Web site, the CMS is working to implement the principles of a value-based system in the Medicare program, the federal agency said. Next year, hospitals will be required to report on 27 quality measures in order to receive full payment from Medicare, the CMS said.

CMS Tests Personal Health Records

The Centers for Medicare and Medicaid Services has launched a pilot program to enable certain beneficiaries to access and use a personal health record provided through participating health plans and accessible through www.mymedicare.gov. The tools, provided by Medicare Advantage and Part D drug plans that already offer such tools to their commercially insured members, will allow beneficiaries to look up information about their own medications and medical conditions in order to better manage their own health care, according to the CMS. Beneficiaries also will be in charge of their own personal health record and will control who is able to see its contents, including the beneficiaries' physicians and other health care providers, according to the agency. The program, which includes four health plans, is expected to run for 18 months.

Hawaii to Offer Kids Free Flu Shots

This fall, Hawaii will become the first state to offer free influenza vaccinations to schoolchildren aged 5-13 years. The shots will be available October 2007-January 2008 at school during the school day. Funding for the estimated \$2.5-million program is being provided primarily by the Centers for Disease Control and Prevention and the State of Hawaii, with additional support from the state's largest insurer, the Hawaii Medical Service Association. Nationally, schoolchildren have very high rates of influenza illness, exceeding 10% in most years, according to the Hawaii State Department of Health.

Services Behind Medicare Growth

The growth in Medicare's per-beneficiary spending can be explained by growth in the volume and intensity of physicians' services, rather than by changes in Medicare's payment rates, according to a Congressional Budget Office study. Between 1997 and 2005, Medicare's inflation-adjusted payment rates for services actually declined slightly, but per-beneficiary spending jumped by more than 34%, the CBO study found, with volume and intensity of services growing by about 4% per year. The CBO said that physicians tended to increase volume and intensity of services provided when payment rates were cut, but added that this behavioral response accounted for just a small fraction of the change in per-beneficiary spending. Still, projected cuts in Medicare payments to physicians may result in a different behavioral response from doctors, the CBO noted.

—Jane Anderson

CMS Projects 9.9% Cut In Medicare Payments

BY MARY ELLEN SCHNEIDER
New York Bureau

Physicians will face a nearly 10% cut in Medicare payments in 2008 if Congress does not act to reverse it in the next few months.

Officials at the Centers for Medicare and Medicaid Services published a proposed rule outlining the projected 9.9% payment cut and other policy changes under the Medicare Physician Fee Schedule in the July 12 Federal Register; the agency will accept comments until Aug. 31. The final rule will be published later this year.

A 9.9% cut would have devastating effects on physicians and patients but is unlikely to be carried out, physicians said in interviews. Instead, Congress is likely to follow the pattern of the last 5 years and provide a 1- or 2-year temporary reprieve.

By law, CMS officials must adjust physician payments according to the sustainable growth rate (SGR) formula, which calculates physician payments based in part on the gross domestic product. The major medical specialty societies have been lobbying for years to change the formula, which they say does not account for their rising practice costs.

A permanent fix is unlikely to come this year or even before the 2008 presidential election, said Dr. Rick Kellerman, president of the American Academy of Family Physicians. However, there is an understanding among most members of Congress that significant payment cuts are not realistic and some type of temporary fix must be passed this year, he said.

"Physicians are going to have to gear up to encourage Congress to avert the cut," Dr. Kellerman said.

Dr. Kellerman envisions a 1- or 2-year positive update to the fee schedule. A 2-year fix would be better, he said, since physicians and policy makers are wasting so much time addressing the payment issue each year. As a result, he said, other important issues such as expanding health care coverage for the uninsured, health information technology adoption, medical education funding, and primary care workforce issues have not been given their due.

Even before any reduced access to physicians began to occur under the proposed cuts, quality and safety issues would develop as physicians struggled to do more with less, said Dr. Richard Hellman, president of the American Association of Clinical Endocrinologists. Quality and safety would suffer as physicians tried to see patients faster and refer complex conditions earlier, he predicted.

The projected cuts would also threaten to derail the voluntary CMS' Physician Quality Reporting Initiative (PQRI) that began July 1, Dr. Hellman said.

The PQRI program gives physicians a

chance to earn up to a 1.5% bonus payment on all of their allowed Medicare charges if they report on certain quality indicators. CMS officials have touted the program as the first step in aligning payments with quality.

But a significant payment cut could hamper those efforts, Dr. Hellman said, noting that physicians are unlikely to put the effort into a time-consuming, resource-intensive program where they can earn a 1.5% bonus when facing a 9.9% payment cut at the same time.

The proposed rule also addresses the continuance of PQRI in 2008, and outlines new quality measures for next year. CMS officials are also considering the feasibility of accepting clinical data from electronic health records. The agency will weigh whether to accept data on a limited number of ambulatory care PQRI measures for which data may also be submitted under the current Doctors Office Quality Information Technology Project (DOQ-IT). In 2008, submission through an electronic health record would be an alternative to the current claims-based reporting of data.

The proposed rule also outlines ways the agency would like to test the use of clinical data registries to report PQRI data. The testing, which would begin 2008, would evaluate methods for physicians to report data to clinical data registries and the registries to submit the data on the physician's behalf to CMS. For example, the Society of Thoracic Surgeons has a national database registry that collects quality data on cardiac surgeries, including two PQRI quality measures. However, under the current setup for 2007 and 2008, physicians must report these measures separately to CMS through the claims-based reporting process.

CMS officials are proposing to fund the bonus payments for the 2008 PQRI program by using \$1.35 billion provided by Congress as part of the Physician Assistance and Quality Initiative Fund. In the proposed rule, CMS said the bonus payments were likely to be about 1.5% of allowed Medicare charges, not to exceed 2%.

That decision was criticized by the American Medical Association, which said the \$1.35 billion should be used to reduce the projected 2008 physician pay cut. CMS estimates the \$1.35 billion would reduce the projected cut by about 2%.

"The AMA and 85 other physician and health professional organizations sent a letter strongly urging the Administration to use this money to help Medicare physician payments keep pace with increases in practice costs. The Medicare Payment Advisory Commission made a similar recommendation," Dr. Cecil B. Wilson, AMA board member, said in a statement. "CMS has chosen to spend all of the money to provide just 1.5% to 2% to physicians who report on certain quality measures." ■

Physicians are unlikely to put the effort into the PQRI program, where they can earn a 1.5% bonus, while facing a 9.9% payment cut at the same time.