

POLICY & PRACTICE

Medicare Fee Cut Proposed

Physicians face a 4.3% cut to Medicare reimbursements next year unless Congress takes action to change the sustainable growth rate formula. Fixing that formula "is one of the American Academy of Neurology's top federal legislative priorities in 2005," according to an AAN spokeswoman. The reduction was announced in a proposed rule that would update payment rates and revise payment policies under the program's fee schedule. The Centers for Medicare and Medicaid Services is expected to pay \$56.5 billion to 875,000 physicians and other health care professionals in 2006, according to the proposed rule. "The payment reduction shows the need for more effective ways to pay physicians that help them improve quality and avoid unnecessary costs," CMS Administrator Mark McClellan, M.D., said in a statement. The agency will accept comments on the proposal until Sept. 30 and publish a final rule later this year. Physician reimbursements under Medicare will be cut 26% over the next 6 years unless the sustainable growth rate formula is changed. The AMA recently reported that 38% of physicians will no longer be able to accept new Medicare patients if the first of these cuts begins on Jan. 1.

Power Wheelchair Policy Questions

CMS should issue clearer instructions to carriers on how to make sure beneficiaries getting power wheelchairs have a condition that makes them medically necessary, Sen. Arlen Specter (R-Pa.) and Sen. Rick Santorum (R-Pa.) wrote in a letter to Dr. McClellan. "Providers regularly encounter inconsistencies within the four [carrier] regions on how documentation is interpreted. In addition, providers are faced with the [durable medical equipment regional carriers'] placing extreme emphasis on a physician's chart notes to justify medical necessity, even though physicians do not routinely document medical information in their charts to the level of specificity that the [carriers] are requiring," the senators wrote. CMS has not yet replied but plans to issue a detailed response soon, a spokeswoman said.

Merck Loses First Vioxx Lawsuit

A jury in Texas last month awarded \$253 million to the widow of a man who died after taking Vioxx (rofecoxib). The plaintiff charged that the drug maker Merck & Co. failed to warn physicians about the danger posed by Vioxx, that the drug was improperly designed, and that the company's negligence caused the death of the plaintiff's husband, Robert Ernst. Merck executives plan to appeal the verdict on the grounds that the jury was allowed to hear testimony that was both irrelevant and not based on reliable science, the company said. "While we are disappointed with the verdict, this decision should be put in its appropriate context," Kenneth C. Frazier, Merck's senior vice president and general counsel, said in a statement. "This is the first of many trials. Each case has a different set of facts. Regardless of the outcome in this single case, the fact remains that plaintiffs have a significant legal burden in proving causation." The award included \$24 million in actual damages and

\$229 million in punitive damages, which may be reduced to about \$2 million, according to Merck, since Texas law limits punitive damages.

Spine Care Recognition

The National Committee for Quality Assurance (NCQA) is planning to launch a new physician recognition program late next year that will focus on quality care for patients with chronic back pain. The diagnosis and treatment of back pain are uneven in the United States with some patients never receiving recommended care

and other being subjected to unnecessary diagnostic imaging and surgery, according to NCQA. "In many cases, back pain is treated with unnecessary surgery that still leaves the patient in pain," NCQA President Margaret E. O'Kane said in a statement. "This program will steer people to doctors who know how to diagnose back problems and explain the pros and cons of treatment options, help them manage their condition and get well again."

Fraud Bounty Hunters

Private bounty hunters are one way to fight fraud in the Medicaid program, according to Stan Dorn, J.D., senior analyst

at the Economic and Social Research Institute. Successfully used by Medicare, the bounty hunter approach allows whistle-blowers to share in funds recovered through prosecutions under the False Claims Act. According to recommendations developed by Andy Schneider, J.D., Medicaid policy expert for Taxpayers Against Fraud, Congress could bolster Medicaid whistle-blower opportunities by increasing payments to states that enact their own False Claims Act and by offering whistle-blowers a minimum of 20% of the federal share of any recovered funds.

—Joyce Frieden

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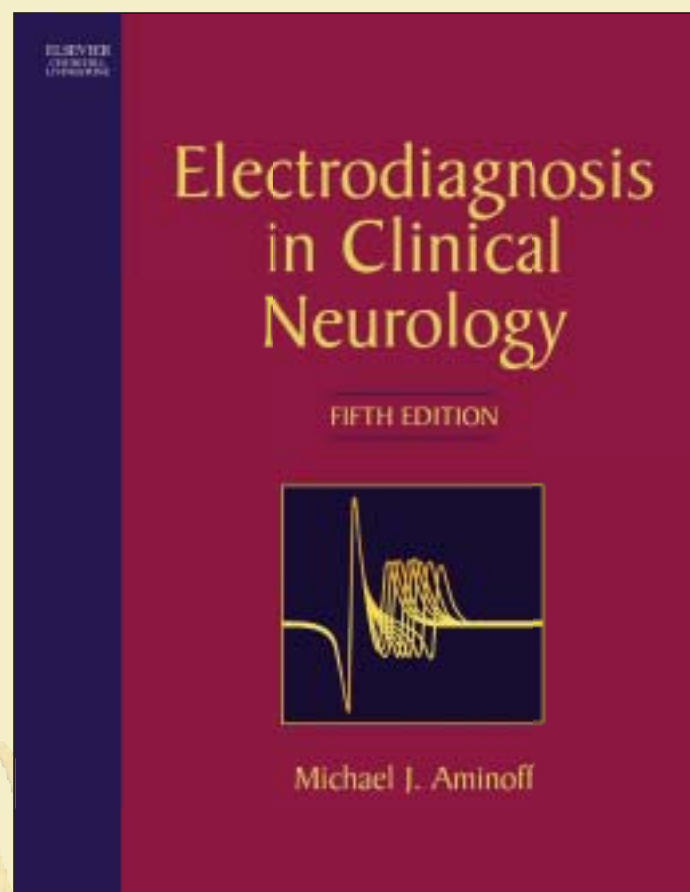
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