Health Policy Changes in Store With New Congress

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The changes in leadership brought about by the November mid-term elections are likely to result in significant shifts in the way Congress approaches health policy issues, according to several experts.

One change many physicians are hoping the new Democratic leadership will make is to fix the Medicare physician payment formula. Under the current payment formula, physicians are facing a 5% payment cut in January. "For the immediate future, we are asking that they cancel the cut and give physicians a positive [payment increase] to reflect inflation, which is slightly over 2%," Dr. Cecil Wilson, chair of the American Medical Association board of trustees, said in an interview.

Such an immediate fix would not address the underlying problem, which is that the physician fee schedule relies on the flawed Sustainable Growth Rate (SGR).

"Congress needs to do a permanent fix to this problem," said Dr. Wilson, an internist in Winter Park, Fla. "We will be working very hard on that for this coming year, to ask that they get rid of this formula and move to one that reflects the increased cost of providing care."

Ron Pollack, executive director of Families USA, a liberal consumer group based in Washington, voiced optimism that the new Congress would look at the payment formula. "I think the Democrats probably do want to deal with that—whether it will be on a year-by-year basis or on a more permanent basis, I don't know," he said in an interview. "But I do think the Democrats are inclined to get that fixed."

Malpractice reform could be another story, Mr. Pollack said.

"The one and perhaps only way that issue is going to move forward will be if there is significant compromise," he said.

"[The strategy of] placing caps on dam-

age awards probably makes it difficult to move this forward. On the other hand, to the extent that alternative conflict resolution systems are established that substantially reduce litigation and provide more people with access to grievance mechanisms short of legal proceedings, that certainly has a chance of movement," Mr. Pollack said.

Michael Cannon, director of health policy studies at the Cato Institute, a libertarian think tank in Washington, was even more negative. Malpractice reform "is not going anywhere and that's a welcome development, because the Constitution does not give Congress any authority to play any role in that area," he said. "The Republicans never recognized that, but the Democrats, in this instance, are in favor of letting the states deal with that issue, and they are not interested in any federal malpractice reforms."

Covering the uninsured is another area that could move to the front burner under the Democrats, Dr. Wilson said.

Another thing the Democrats will consider doing is to close up the 'doughnut hole,' the coverage gap beneficiaries have when their drug bills exceed a certain amount.

"We now know that [the uninsured] are more likely to get sicker and die sooner" than those with insurance, he said. "We'll be trying to increase the visibility of that problem."

One definite health care priority for Rep. Nancy Pelosi (D-Calif.), who will become Speaker of the House in January, will be to get rid of a prohibition in the Medicare prescription drug coverage law that bans the Centers for Medicare and Medicaid Services from negotiating prices directly with pharmaceutical companies.

"We can and we must make the Medicare prescription drug plan fairer and more cost effective," Rep. Pelosi said in a statement regarding that issue.

Removal of that prohibition would be a welcome change, according to Mr. Pollack. By bargaining directly with drug companies, the Department of Veterans Affairs "has achieved much lower prices than the lowest prices charged by all Medicare Part D plans," he said in a statement, noting that the median price difference was 46%.

Mr. Cannon had quite a different take on the idea. "Democrats are attracted to price controls because it allows them to provide a benefit for current generations through lower-cost drugs, while imposing a cost on future generations, which is fewer new drugs being developed" due to declining revenues for pharmaceutical companies, he said.

Another thing the Democrats will consider doing with the Part D plan is to close up the "doughnut hole," the gap in coverage beneficiaries have when their drug bills exceed a certain amount. Rep. Pelosi has said she plans to do this using the savings achieved through letting Medicare negotiate drug costs directly.

Analysts are anticipating a new direction in health policy in the new Congress because the presumed new chairs of the committees and subcommittees dealing with health care are considered quite liberal.

This group includes Rep. Charles Rangel (D-N.Y.), expected to head the Ways and Means Committee; Rep. John Dingell (D-Mich.), expected to head the Energy and Commerce Committee; Rep. George Miller (D-Calif.), expected to head the Education and Workforce Committee; and Rep. Fortney H. "Pete" Stark (D-Calif.), expected to head the Ways and Means health subcommittee.

"It's going to be very interesting to see how these folks approach health care," said Mr. Cannon, noting that Rep. Dingell has introduced legislation for a single-payer health care system every year since 1955. "We will see if they just try to go for moderate Democratic ideas … or if they really follow their hearts and try to kill health savings accounts, or launch some sort of Clinton-like initiative that aims to provide coverage for everyone. They're not moderates, and they're not shrinking violets. They don't seem like the kind who are going to take orders; they seem to want to run their own show."

The upcoming reauthorization of the State Children's Health Insurance Program (SCHIP), a federal/state program to provide health insurance to children in families with income too high for Medicaid but too low to be able to afford private insurance coverage, is one example of legislation the Democrats could put their stamp on, according to Mr. Pollack.

"Due to its broad, bipartisan support, SCHIP no doubt will be reauthorized," he said. "However, since approximately 9 million children continue to be uninsured, the real question before the Congress is whether the reauthorization process will expand health coverage and provide adequate SCHIP funding for those children who don't have coverage and whose families can't afford it. A simple reauthorization will be a major disappointment." ■