Doctors Urge Medicare to Accelerate Pay Revamp

BY JOEL B. FINKELSTEIN
Contributing Writer

WASHINGTON — The failure to address low physician pay and looming reimbursement cuts in the Medicare program is starting to affect beneficiaries, members of Medicare's Practicing Physicians Advisory Council said at their recent meeting.

PPAC member Dr. Vincent J. Bufalino, a cardiologist from Naperville, Ill., offered an example to the council. "We have in our community the beginnings of physicians walking away from Medicare. Four of the busiest internists in town have said 'No' and ripped up their [Medicare] agreement," Dr. Bufalino said.

Although the Centers for Medicare and Medicaid Services tracks physician participation, such trends might not reveal the whole picture, he added. Half of the physicians in Dr. Bufalino's community are no longer accepting new Medicare patients, he said. Although the CMS still counts them as participating in the program, the trend is having a profound effect on beneficiaries' access to physician services.

"We don't think that participation rates, assignment rates, really reflect what is going on," Dr. Bufalino told CMS Deputy Administrator Leslie Norwalk.

The CMS has to rely on the numbers gathered by physician groups, she responded. "I suspect that the best way to go about this is probably at the state level where you would ask your state medical society to survey members and let us know what it is that you see. … It may help inform the debate," Ms. Norwalk said, noting that federal officials are legally barred from telling people to lobby Congress.

Lawmakers will have to be the ones to make changes to the current mechanism for updating physician payments. Based on the sustained growth rate (SGR) formula, mandated by the Balanced Budget Act of 1997, physicians are currently slated for a 5.1% cut in reimbursement starting Jan. 1. In past years, Congress has averted cuts or given doctors a small raise.

PPAC members urged CMS officials to use what influence they have to encourage lawmakers to do so again based on the recommendation from the Medicare Payment Advisory Commisssion that physician pay be increased by 2.8% in 2007.

"If you look at the data from 2001 to 2007, physicians' costs are up 18%, yet Medicare payments are down 5%. …Only physicians are subject to arbitrary spending cuts. Hospitals have had a 3.7% update; nursing homes, a 3.1%; [and] Medicare Advantage now gets 111% of the fee-for-service rate and is slated for another 4.8% increase," said PPAC member Dr. M. LeRoy Sprang, an ob.gyn. from Evanston, Ill.

But government estimates show that

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giving physicians a Medicare pay raise of 2%-3% over the next 5 years would carry a $58 billion price tag. Dr. Mark McClellan, the CMS administrator, has testified to Congress that any action taken to improve physician pay should be accompanied by provisions that allow the agency to better control how it spends the money through strategies such as pay for performance.

"The more we can identify steps that lead to reductions in overall costs of care as a result of quality improvements, the easier it is to support a more stable system of payment rates," said Dr. McClellan, who has since resigned his post, at the meeting.

Physicians don't object to the agency's push for pay for performance, but you can't expect to purchase quality on the cheap, said PPAC member Dr. Geraldine O'Shea, an internist from Jackson, Calif.

"We understand the cost is the bottom line, but as we're moving toward this, we want to make sure it stays in the forefront [and] that health outcomes of our patients are still our No. 1 concern," she said.

PPAC members asked CMS officials to keep in mind that physicians who improve quality and lower costs should also be credited for savings that may show up as reduced hospital spending due to preventive screening or disease management services provided in doctors' offices. ■

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