

# MedPAC Votes to Cut Payments to Specialists

*Physician organizations said recommendations are less-than-adequate alternative to current system.*

BY FRANCES CORREA

FROM A MEETING OF THE MEDICARE PAYMENT ADVISORY COMMISSION

WASHINGTON – Expert members of the Medicare Payment Advisory Commission voted last month to present their Medicare physician pay fix plan to Congress, despite the objections of primary care and specialist physician organizations.

First presented at the commission's September meeting, the MedPAC recommendations aim to, among other things, avoid the looming almost-30% Medicare pay cut on Jan. 1 under the Sustainable Growth Rate (SGR) formula.

To do so, the commissioners advise freezing most Medicare payments to primary care physicians for 10 years and cutting specialists' payments by 17% over 3 years, followed by a freeze for 7 years more.

The recommendation passed by a vote of 15-2.

Physician organizations said the recommendations are a less-than-adequate alternative to the current system.

"The MedPAC proposal, we believe, will

unintentionally undermine the goal of transitioning to new payment models aligned with value," said Shari Erickson, who is director of regulatory and insurer affairs for the American College of Physicians.

Ms. Erickson urged the committee to consider the SGR replacement proposal that ACP submitted in September to the Joint Select Committee on Deficit Reduction. Under the ACP proposal:

- ▶ The SGR would be repealed and physicians fees would be stabilized and set by statute during a 5-year transition period.

- ▶ A physician-led initiative would work

to decrease use of low-value services.

- ▶ Potential savings of \$500 billion to \$886 billion could be achieved via measures such as reducing defensive medicine, rewarding physicians for high-quality coordinated care, and allowing the government to negotiate prices of drugs paid by Medicare.

The American College of Cardiology also registered its displeasure.

"The proposal is not an acceptable or sustainable solution to the SGR and does nothing to promote quality or resource stewardship," Dr. Jack Lewin, CEO, said in a statement. "Looming primary care shortages require focused solutions, we agree. But this proposal somewhat misaligns the interests of primary and specialty doctors, rather than focusing on incentives to work together to improve quality, efficiency, coordination of care, and outcomes."

Several specialty organizations argued that the plan fails to recognize their own primary care roles. According to a statement from The Endocrine Society, "this recommendation will unfairly punish endocrinologists, and other cognitive specialists, who largely bill evaluation and management

**'This recommendation will unfairly punish endocrinologists ... who largely bill evaluation and management services and often serve as the primary care provider' to their patients.**

services and often serve as the primary care provider to patients with chronic and complex diseases."

In advance of the MedPAC meeting, a coalition of physician groups, led by the American Medical Association, wrote to commission Chairman Glenn Hackbarth urging that the commission not adopt their proposed recommendations.

Instead, the physicians urged the commissioners to look at previous proposals put forth by groups such as the Congressional Budget Office, the Simpson-Bowles Commission, and the Senate Gang of Six.

MedPAC commissioners also voiced



**"The MedPAC proposal, we believe, will unintentionally undermine" efforts to build new payment models, said Shari Erickson of the American College of Physicians.**

tions of that policy choice are, that's an important thing in its own right," Mr. Hackbarth said.

With a \$200 billion price tag, the MedPAC recommendations reduce the estimated cost of replacing the SGR by \$100 billion, according to a MedPAC staff document. Outside of pay cuts and freezes, the proposal would result in a 2% annual increase in federal spending per Medicare beneficiary, but is budget neutral

based on a number of possible savings sources that were identified.

For example, the proposal outlines \$235 billion in possible savings from pharmaceuticals (\$75 billion), postacute care (\$49 billion), beneficiaries (\$33 billion), hospitals (\$26 billion), labs (\$21 billion), Medicare Advantage (\$12 billion), and durable medical equipment (\$14 billion).

MedPAC will present its recommendations to Congress this month. ■

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## U.S. Uninsured Total Up Nearly 1 Million From 2009 to 2010

BY MARY ELLEN SCHNEIDER

FROM THE CENSUS BUREAU REPORT ON INCOME, POVERTY, AND HEALTH INSURANCE COVERAGE, 2010

Nearly 50 million people in the United States lacked health insurance in 2010, up almost a million from the year before, according to statistics released by the Census Bureau.

While the number of people without insurance rose to 49.9

million in 2010 from 49.0 million the year before, there was no statistically significant change in the uninsurance rate, which was 16.3% in 2010.

A similar trend was seen among children: 9.8% of children (7.3 million) were uninsured in 2010, a rate not significantly different from the rate of 9.7% in 2009.

Other age groups did experience significant changes. Among those aged 65 years and older, the uninsurance rate in

2010 increased to 2.0%, up from 1.7% in 2009. During a press briefing, Census Bureau officials said they could not offer an explanation for the increase in this age group, which traditionally has very low uninsurance rates because of Medicare coverage. The uninsurance rate also rose among people aged 35-64 years.

However, more young adults aged 18-24 years became insured in 2010. The uninsurance rate for that group dropped to

27.2% in 2010 from 29.3% the year before. A provision of the Affordable Care Act that allows parents to keep children on their health insurance policy up to age 26 could be a factor in the increase in coverage in this age group, Brett O'Hara, Ph.D., chief of the Health and Disability Statistics Branch at the Census Bureau, said during a press briefing.

The report also showed that once again, private insurance coverage in the United States is

declining while public coverage is increasing. Employment-based insurance dropped to 55.3% in 2010 from 56.1% in 2009. The number of people who received their health insurance through their employer fell from 170.8 million to 169.3 million.

At the same time, the number of people covered by government-sponsored health insurance increased by nearly 2 million, bringing the total number to 95 million in 2010. ■