HEART OF THE MATTER

Dodging the Bullet

BY SIDNEY GOLDSTEIN, M.D.

The forces that control health expenditure are progressively and irrevocably moving in a direction that makes Medicare administrators increasingly uneasy.

The spread between planned growth and real growth in health care costs continues to expand, leading to the need to squeeze Medicare payments to doctors and hospitals. A starry-eyed Congress passed legislation a decade ago that proposed that payments to doctors and hospitals would level off and in fact decrease over time.

Through the sustainable growth rate established in the law, the spending limits would be controlled by the rate of overall economic growth. Instead, even with the small increases in physician fees that have occurred in the last decade, the Medicare expenditures have far exceeded the proposed doctors' payments. At the same time, the development of new technology and devices has led to large increases in hospital costs.

The most recent attempts at limiting hospital expenditures proposed draconian cuts in payments to hospitals for a number of cardiac procedures, including implantation of implantable cardioverter defibrillators and coronary drug-eluting stents of 24% and 33%, respectively. But, as reported in this issue of CARDIOLOGY NEWS, ("Inpatient Cuts Far Less Severe Under Final CMS Rule," p. 1) these cuts have been pulled back, awaiting a new payment system that will be based on hospital costs rather charges.

In the planning phase is a hospital payments system, in which the current diagnosis-related groups (DRGs) will be adjusted to patient characteristics and disease severity, rather than the current system where payments are the same regardless of severity and are based upon diagnosis alone.

This payment system may eventually make reimbursements more equitable for the general hospital and specialty hospitals, since those specialty centers appear to have more stable and less severely ill patients.

The proposed changes are not intended to decrease the $125 billion paid out by Medicare to 5,000 hospitals annually, but to redistribute those payments. The initiation of the new DRG is expected in the next year. The delay in the implementation of the programs has been a result of intense lobbying by device and hospital representatives who have a large stake in this issue. Payment schedules initiated by Medicare will have a significant influence on private insurers and Medicaid.

The other issue is the continuing battle over physician payments. The current proposal by CMS is to decrease physician fees by 5.1% ("Medicare Proposes 5.1% Physician Pay Cut in 2007," p. 6). This, in addition to other mandated cuts, will result in an approximately 7% decrease in payments to cardiologists. Many physicians indicate that they will not accept Medicare patients in the future. Cardiologists have little choice in the matter since most of our patients are well within the Medicare age span. We will have little option in this regard.

These reimbursement changes could have a widespread effect on the availability of health care to the Medicare patients if physicians continue to limit the number of Medicare patients they treat in their practice.

In addition, the changes in hospital costs could have a major effect on the viability of many hospitals, large and small alike, and increase the competition among hospitals. The largesse of the cardiology profit center in the general hospital is spread across many other specialties that could also suffer.

Cardiology centers have also promoted growth of many community hospitals. Witness the media-advertising blitzes of many hospitals to attract cardiology patients. All of this could change if the Medicare redistribution of payments is actually carried out. The changes will face major opposition by the hospital and device industry before they can be implemented. ■

DR. GOLDSTEIN, *medical editor of* CARDIOLOGY NEWS, *is professor of medicine at Wayne State University and division head, emeritus, of cardiovascular medicine at Henry Ford Hospital, Detroit.*

Cardiology News

President, IMNG Alan J. Imhoff

Executive Director, Editorial Mary Jo M. Dales
Executive Editor, IMNG Denise Fulton
Executive Editor, EGMN Kathy Scarbeck

Publication Editor Catherine Hackett
Senior Editors Kathryn DeMott, Joyce Frieden, Gwendolyn B. Hall, Gina L. Henderson, Sally Koch Kubetin, Teresa Lassman, Mark S. Lesney, Catherine Cooper Nellist, Calvin Pierce, Terry Rudd, Robin Turner, Elizabeth Wood
Associate Editors Alicia Ault, John R. Bell, Lori Buckner-Farmer, Christina Chase, Jay C. Cherniak, Richard Franki, Randall Frey, Renée Matthews, Amy Pfeiffer
Graphics Editor Nicole E. Schofer
Bureaus Betsy Bates (Los Angeles), Sherry Boschert (San Francisco), Doug Brunk (San Diego), Bruce K. Dixon (Chicago), Robert Finn (San Francisco), Jonathan Gardner (London), Bruce Jancin (Denver), Kate Johnson (Montreal), Timothy F. Kirn (Sacramento), Fran Lowry (Orlando), Jane Salodof MacNeil (Southwest), Diana Mahoney (New England), Damian McNamara (Miami), Mary Ellen Schneider (New York), Michele G. Sullivan (Mid-Atlantic), Nancy Walsh (New York), Patrice Wendling (Chicago), Sharon Worcester (Southeast), Mitchel L. Zoler (Philadelphia)
Senior Writers Jeff Evans, Elizabeth Mechcatie, Heidi Splete, Miriam E. Tucker, Kerri Wachter
Contributing Writers Nellie Bristol, Christine Kilgore, Mary Ann Moon
Copy Chief Felicia R. Black
Assistant Copy Chief Carol Nicotera-Ward
Copy Editors Therese Borden, Julia Duncan, Virginia Ingram-Wells, Jane Locastro, Arlene Sheir-Allen, Leanne Sullivan
Editorial Offices 5635 Fishers Lane, Suite 6000, Rockville, MD 20852, 800-445-6975, cardiologynews@elsevier.com

Executive Director, Operations Jim Chicca
Director, Production/Manufacturing Yvonne Evans
Production Manager Judi Sheffer
Production Specialists Anthony Draper, Thomas Humphrey, Rebecca Slebodnik, Mary D. Templin
Information Technology Manager Doug Sullivan
Senior Systems Administrator Lee J. Unger
Systems Administrator Drew Mintz
Operations Assistant Melissa Kasimatis
Art Director Louise A. Koenig
Assistant Design Supervisor Elizabeth B. Lobdell
Design Staff Sarah L. Gallant, Forhad S. Hossain, Julie Keller, Yenling Liu, Angie Ries
Photo Editors Vivian E. Lee, Sherilyn M. Mattes
Project Manager Susan D. Hite
Assignments Coordinator Megan Evans
Departmental Coordinator Vicki Long
Editorial Coordinator Daniela Silva
H.R. Manager Stephanie Phelan
Address Changes Fax change of address (with old mailing label) to 240-221-2543 or e-mail change to subs@elsevier.com

V.P., Med. Ed./Bus. Development Sylvia H. Reitman
Program Managers, Med. Ed. Jenny R. McMahon, Malika Wicks
Senior Director, Marketing/Research Janice Theobald
Marketing Associate Jennifer Savo
Sales Director Mark E. Altier
Executive Director, Business Operations Bari Edwards
Bus. Manager Dennis Quirk
Adv. Services Manager Joan Friedman
Credit Supervisor Patricia H. Ramsey
Manager, Administration/Conventions Lynne Kalish
Sales Assistant Karen Benarzi
Receptionist Linda Wilson
National Account Managers Sue Fagan, 973-290-8226, s.fagan@elsevier.com; Barbara Napoli, 973-290-8224, b.napoli@elsevier.com; Christy Tetterton, 973-290-8231, c.tetterton@elsevier.com
Advertising Offices 60 Columbia Rd., Bldg. B, Morristown, NJ 07960, 973-290-8200, fax 973-290-8250
Classified Sales Manager Robin Cryan, 212-633-3160, r.cryan@elsevier.com
Classified Advertising Offices 360 Park Ave. South, 9th Floor, New York, NY 10010, 800-379-8785, fax 212-633-3820
Reprints Call 240-221-2418

CARDIOLOGY NEWS is an independent newspaper that provides the practicing specialist with timely and relevant news and commentary about clinical developments in the field and about the impact of health care policy on the specialty and the physician's practice.

POSTMASTER Send changes of address (with old mailing label) to Circulation, CARDIOLOGY NEWS, 5635 Fishers Lane, Suite 6000, Rockville, MD 20852.

CARDIOLOGY NEWS (ISSN 1544-8800) *is published monthly by Elsevier Inc., 60 Columbia Rd., Building B, Morristown, NJ 07960, 973-290-8200, fax 973-290-8250.*

ELSEVIER INTERNATIONAL MEDICAL NEWS GROUP

AMERICAN BUSINESS MEDIA ABM

BPA WORLDWIDE