

## POLICY &amp; PRACTICE

**Census Bureau Statistics**

The Census Bureau reports that 45.8 million Americans were without health insurance in 2004, up from 45 million in 2003. While the increase is statistically small, it means that "an additional 860,000 Americans live without the safety net of health insurance," J. Edward Hill, M.D., president of the American Medical Association, said in a statement. "As the decrease in employment-based health insurance continues, the AMA renews its call for health insurance solutions that put patients in the driver's seat, along with their physicians," Dr. Hill said. Some of these solutions may include refundable tax credits inversely related to income and individually selected and owned health insurance, he said. In other statistics, the number of people with health insurance increased by 2 million to 245.3 million between 2003 and 2004. Those covered by government health insurance rose from 76.8 million in 2003 to 79 million—driven by increases in the percentage and number of people covered by Medicaid.

**Split on the Benefit**

Patients' optimism of Medicare's new prescription drug benefit has improved over the last few months, although beneficiaries remain split on their support, an August poll conducted by the Kaiser Family Foundation indicated. About one in three seniors (32%) has a favorable impression of the benefit and an equal number (32%) have a negative one. This figured can be compared with April, when only one in five (21%) had a favorable impression of it. Comprehension of the benefit has improved: Overall, 37% of seniors now say they understand the new benefit "very" or "somewhat" well, up from 29% in April. Six in 10 seniors (60%) say they don't understand the benefit well or at all. Slightly more than one in five seniors (22%) say they plan to enroll in the benefit, up from 9% in April. The poll represented 1,205 adults aged 18 and older, including 300 respondents aged 65 years and older, interviewed by telephone by Princeton Survey Research Associates, on behalf of Kaiser.

**Driven Into Debt**

An estimated 77 million Americans aged 19 years and older—nearly two of five adults—have had difficulty paying medical bills, have accrued medical debt, or both, according to an analysis of the 2003 Commonwealth Fund Biennial Health Insurance Survey. Working-age adults incur significantly higher rates of medical bill and debt problems than adults aged 65 and older, with rates highest among the uninsured. "Even working-age adults who are continually insured have problems paying their medical bills and have medical debt," the analysis stated. Two-thirds of people with a medical bill or debt problem went without needed care because of cost—nearly three times the rate of those without these financial problems.

**Walter Reed to Close**

Walter Reed Army Medical Center in Washington, which has cared for hundreds of thousands of soldiers and dignitaries for the past 96 years, is slated to close as part of the base realignment and closure process. The medical center was tapped by the Department of Defense to be closed, and that recommendation was recently approved by members of the Defense Base Realignment and Closure Commission. The commission sent its final report to President Bush on Sept. 8. If the President agrees with the recommendations he will send the entire list to Congress for a vote. Congress must accept or reject the list in full, but they cannot amend it. If the closure is approved, most of the staff and services from the army hospital will be combined with services at the National Naval Medical Center in Bethesda, Md., and renamed the Walter Reed National Military Medical Center. Other services will be moved to Fort Belvoir, Va. Closures and realignments must begin within 2 years of Congressional approval and must be completed within 6 years, according to the Base Realignment and Closure statute.

**Obesity Rankings**

It pays to live in the mountains and ski: Trust for America's Health reported that Mississippi has the "heaviest" obesity rate in the country, Colorado the lightest. More than 25% of adults in 10 states are obese, including Mississippi, Alabama, West Virginia, Louisiana, Tennessee, Texas, Michigan, Kentucky, Indiana, and South Carolina. Rates have stayed the same in Oregon. A majority of governors have taken steps to initiate antiobesity programs for state employees. But most state initiatives aimed at the general public are limited to information campaigns, said Trust for America's Health, a nonprofit organization that focuses on disease prevention.

**Impact of Concierge Care**

Due to their small numbers, it is unlikely that concierge care practices will contribute to widespread access problems for Medicare beneficiaries, the Government Accountability Office reported. In a recent survey, GAO identified 146 concierge physicians and analyzed responses from 112. According to the survey, most concierge practices are located on the East and West coasts, and nearly all respondents reported practicing primary care medicine. Annual patient membership fees ranged from \$60 to \$15,000 a year, with about half of respondents reporting fees of \$1,500-\$1,999. The Department of Health and Human Services has determined that concierge care arrangements are allowed as long as they do not violate any Medicare requirements. For example, the membership fee must not result in additional charges for items or services that Medicare already reimburses. Some concierge physicians reported to GAO that they would like more HHS guidance.

—Jennifer Silverman

# Council Endorses 2.7% Medicare Pay Increase

BY JENNIFER SILVERMAN  
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WASHINGTON — The Centers for Medicare and Medicaid Services should not institute the 4.3% decrease proposed in the 2006 physician fee schedule, a federal advisory panel recommended.

As it works to fix the sustainable growth rate, CMS should, instead, adopt the Medicare Payment Advisory Commission's recent recommendation to increase payments by 2.7% to keep pace with the cost of care, the Practicing Physicians Advisory Council recommended.

The council meets quarterly to advise the Department of Health and Human Services on proposed changes in Medicare regulations and carrier manual instructions related to physicians' services. MedPAC advises Congress in a similar manner.

Physician reimbursements under Medicare will be cut 26% over the next 6 years unless the sustainable growth rate (SGR) formula is changed. Although the PPAC recommendation calls on CMS to take action, only Congress has the statutory authority to fix the formula.

The average physician facing these cuts "is stuck," Ronald Castellanos, M.D., PPAC chairman, told CMS officials who presented a summary of the proposed fee schedule at the meeting. Reductions in Medicare payments have forced some physicians to do ancillary procedures in their offices to make up for the lost income, he said.

Leroy Sprang, M.D., an ob.gyn. who was recently named to the panel, said he's seen at least a dozen ob.gyns. in his area of Evanston, Ill., leave the profession due to the pressures of medical malpractice combined with reduced Medicare payments. While they don't deal with older patients as much as do other primary care physicians, some ob.gyn. practices have stopped seeing Medicare patients, he said.

In another avenue for addressing low physician reimbursement, the PPAC asked

CMS for a report on whether Medicare Part B drugs could be removed retrospectively, using an administrative methodology. The council asked that the report be ready in time for its December meeting.

"We've been talking about this for the past 2 years," said PPAC member Gregory Przybylski, M.D. The question is whether CMS could do this administratively by a certain date, he said.

Testifying before the panel, Ardis Hoven, M.D., who spoke on behalf of the American Medical Association, said the AMA was confident of CMS' authority to remove the drugs. "Drugs are not paid under the Medicare physician fee schedule, and it is illogical to include them in calculating the SGR," Dr. Hoven said in her testimony. If CMS adopted a revised definition of "physicians' services" that excludes drugs, it could revise its SGR calculations going back to 1996 using its revised definition, although the revisions would affect payment updates in future years, she said.

Leslie Norwalk, CMS deputy administrator, conceded that Congress needed to institute a more rational approach to physician payments.

Addressing other possible options, HHS' Office of Inspector General may take another look at "gainsharing," an arrangement where physicians could make suggestions on ways to improve care, and in return receive a portion of the cost savings achieved when their ideas are implemented. "The OIG has permitted physicians to engage in this, but only with respect to supplies, not specifically to medical savings," Ms. Norwalk said.

To her knowledge, Congress has engaged in some ideas where physicians would be able to share in hospital savings for instance, "without it being a kickback violation," she told the advisory panel.

CMS also has the ability to change payment systems statutorily through its practice group demonstration projects, Ms. Norwalk said. Several projects are currently testing pay-for-performance systems. ■

## New Group Started to Help Focus Efforts to Fight Child, Adult Obesity

An obesity-prevention initiative chartered by the American Diabetes Association aims provide leadership and information "to help families and communities make improved nutrition and greater physical activity a priority, especially for children," said Michael Jensen, M.D., president of the new organization called Shaping America's Health: Association for Weight Management and Obesity Prevention.

The group plans to develop clinical guidelines and best practices for health care professionals to use when working to help individuals better manage their weight, said Dr. Jensen, professor of medicine at the Mayo Clinic, Rochester, Minn.

The new group will incorporate the "Shaping America's Youth" program, a public-private partnership launched in 2003 in cooperation with the ADA, the Office of the Surgeon General, and other organizations.

"Science-based solutions and public-private partnerships like Shaping America's Health [the umbrella organization] are intensifying our ongoing nationwide efforts to increase disease prevention," said Surgeon General Richard H. Carmona, M.D., in a statement.

The youth program plans to hold regional town hall meetings in the coming months, to provide grassroots input into a national action plan to combat obesity.

—Jennifer Silverman