A ny legislative approach to fixing Medicare’s sustainable growth rate system would be prohibitively expensive, Ways and Means Chair Bill Thomas (R-Calif.).

Attaining a permanent fix is possible, however, provided that Congress and the Bush administration work on efforts to combine administrative and legislative actions, Rep. Thomas and Rep. Nancy L. Johnson (R-Conn.), health subcommittee chair, wrote in a letter to Mark McClellan, M.D., administrator of the Centers for Medicare and Medicaid Services (CMS).

The proposal is one of several ideas floating in Congress that seek to fix the Medicare physician fee schedule, as physicians face a looming 4.3% cut to their reimbursement in 2006.

CMS actuates project negative payment updates of minus 9% annually for 7 years, beginning in 2006, if the flawed sustainable growth rate (SGR) is not corrected.

CMS could do its part by removing prescription drug expenditures from the base line of the SGR, something it should have the authority to do, the letter suggested. Because drugs aren’t reimbursed under the fee schedule, it’s illogical to include them in the formula when calculating the schedule’s update.

The agency should also account for the costs of new and expanded Medicare benefits, which are included in the SGR calculation, the letter stated.

On a legislative fix, Rep. Thomas wrote that “the time is ripe” to tie physician payments to quality performance. CMS demonstration projects on performance-based payments in Medicare “will provide us with the experience we need to design appropriate rewards for delivering quality care,” he wrote.

At press time, Rep. Johnson was preparing to introduce a pay for performance bill that would replace the SGR and base future updates for physician payments on the Medicare Economic Index (MEI).

At a recent hearing, Dr. McClellan informed Rep. Johnson that such a measure could come at a high cost: specifically, that such measures could be developed under such requirements, Dr. Frank said. While it might increase doctors’ costs in order to meet and report specific care standards, the bill “doesn’t help them obtain the technology to do so,” she said. Without the technology to participate in the bill’s proposed reporting system, physicians’ reimbursement will be cut even further, hindering their ability to afford the technology. “Sound like a vicious cycle? It is,” she said.

The outcome is family physicians, for example, might be forced to close their doors to Medicare beneficiaries, Dr. Frank said.

In addition, “tons of implementation questions” aren’t broached in this bill, Michele Johnson, senior governmental relations representative of the Medical Group Management Association, told this newspaper.

“Right now, there are no evidence-based, valid scientific measures of efficiency, unless you’re talking about clinical measures,” Ms. Johnson said. “If any language from Grassley-Baucus is included in this bill, I think that would be cut even further, hindering their ability to afford the technology.”

The network also has a Web site at http://www.PCSSmentor.org.

Guide to Alcoholism for Clinicians

Physicians have a new tool to help them identify and care for patients with heavy drinking and alcohol use disorders. About 3 in 10 U.S. adults drink at levels that increase their risk for physical, mental health problems. Of those heavy drinkers, about one in four currently has alcohol dependence problems that often go undetected in medical and mental health care settings. The National Institute on Alcohol Abuse and Alcoholism recently released a new guide called “Helping Patients Who Drink Too Much: A Clinician’s Guide,” which offers guidance for conducting brief interventions and managing patient care. If a patient drinks heavily (five or more drinks in a day for women, four drinks in a day for men), the guide shows physicians how to look for symptoms of alcohol abuse or dependence. The guide is at www.niaaa.nih.gov.

High Cost of Smoking Deaths

Smoking deaths cost the country $92 billion in lost productivity on an annual basis, from 1997 to 2001, the Centers for Disease Control and Prevention reported. This reflects an increase of about $10 billion from the annual mortality losses for the year 1997, which was $82 billion. An estimated 438,000 premature deaths occurred each year from 1997 to 2001 as a result of smoking and exposure to secondhand smoke. At its annual meeting, the American Medical Association’s House of Delegates took measures to discourage tobacco use. It also voted to support increases in federal, state, and local taxes on tobacco products. Such increases in the excise taxes should be used to fund the treatment of those with tobacco-related illnesses and to support ongoing efforts, the resolution stated.

—Joyce Frieden with staff reports

Congress Floats Medicare Payment Formula Fixes

By Jennifer Silverman Associate Editor, Practice Trends

To increase beneficiary premiums.

The proposal is one of several ideas floating in Congress that seek to fix the Medicare physician fee schedule, as physicians face a looming 4.3% cut to their reimbursement in 2006.

CMS actuates project negative payment updates of minus 9% annually for 7 years, beginning in 2006, if the flawed sustainable growth rate (SGR) is not corrected.

CMS could do its part by removing prescription drug expenditures from the base line of the SGR, something it should have the authority to do, the letter suggested. Because drugs aren’t reimbursed under the fee schedule, it’s illogical to include them in the formula when calculating the schedule’s update.

The agency should also account for the costs of new and expanded Medicare benefits, which are included in the SGR calculation, the letter stated.

On a legislative fix, Rep. Thomas wrote that “the time is ripe” to tie physician payments to quality performance. CMS demonstration projects on performance-based payments in Medicare “will provide us with the experience we need to design appropriate rewards for delivering quality care,” he wrote.

At press time, Rep. Johnson was preparing to introduce a pay for performance bill that would replace the SGR and base future updates for physician payments on the Medicare Economic Index (MEI).

At a recent hearing, Dr. McClellan informed Rep. Johnson that such a measure could come at a high cost: specifically, that MEI-based increases would be $183 billion based payments in Medicare “will provide us with the experience we need to design appropriate rewards for delivering quality care,” he wrote.

At press time, Rep. Johnson was preparing to introduce a pay for performance bill that would replace the SGR and base future updates for physician payments on the Medicare Economic Index (MEI).

At a recent hearing, Dr. McClellan informed Rep. Johnson that such a measure could come at a high cost: specifically, that MEI-based increases would be $183 billion.