AMA Backs Direct Insurance

Health from page 1

that any catastrophic insurance cover mental illness in the same way it covers other medical con-
ditions, he added.

When asked about the impli-
cations of the AMA’s new stance
for psychiatry, Dr. Rodrigo A. Muñoz said he thinks psychia-
try is “divided” on the issue.

“A growing group [of psychia-
trists] advocates direct insurance. We have submitted proposals for
medical savings accounts in sev-
eral places, starting 20 years ago,”
said Dr. Muñoz, a psychiatrist
who attended the AMA meeting as
a delegate for the APA. “Others
believe that the poor would be left behind if federal programs do not exist.”

Dr. Muñoz, a former APA presi-
dent and a professor of psychia-
try at the University of Califor-
nia, San Diego, said he plans to
submit a symposium on this
theme at the next annual APA
meeting.

Dr. Edward L. Langston, a
member of the AMA Board of
Trustees, hailed the AMA’s move
during a press conference at
the meeting. “We’ve taken a bold
shift here, and we want to help
lead this discussion because we
want to have comprehensive
reform,” Dr. Langston said.

The recommendation would
cover only a fraction of the more
than 40 million uninsured Amer-
icans. About 11% of the unin-
sured had incomes that were
more than 300% of the federal
poverty level in 2004, according
to an analysis by the Department of
Health and Human Services.
But the delegates’ action gives
AMA and another tool with
which to lobby for expanding the
coverage of poor-quality care,
said AMA Board of
Trustees member Dr. Ardis D.
Hoven.

In other words, many physi-
cians at the House of Delegates
meeting expressed both dissatis-
faction with the store-based
health clinics that have sprung up
in retail stores and pharmacies
across the country and resig-
nation that these clinics are here to
stay.

In an effort to deal with that
new reality, AMA delegates estab-
lished principles for operating
clinic-based health clinics, which
include limiting their scope of
practice, using standardized med-
ical protocols from evidence-
based guidelines, and informing
patients in advance of the qualifi-
cations of those providing their
care. In addition, the delegates
called on the management of
store-based health clinics to estab-
lish arrangements for their care
providers to have direct ac-
cess to and supervision by allo-
pathic and osteopathic physi-
cians, as consistent with state
laws.

Clinic providers also should
encourage patients to establish
care with a primary care physi-
cian, the new AMA policy said.

Dr. Larry Fields, president of
the American Academy of Fam-
ily Physicians, said the AMA
guidelines are consistent with the
principles for store-based health
clinics developed by his organi-
zation and are necessary to en-
sure patient safety and to control
the scope of these clinics.

In the area of direct-to-con-
sumer advertising, AMA dele-
gates voted in favor of placing
a moratorium on DTC advertis-
ing for newly approved prescrip-
tion drugs and medical devices
until physicians have become ed-
ucated about the new products.

Under the AMA policy, the
length of the moratorium would
be determined on a product-by-
product basis by the FDA in con-
sultation with the drug or device
sponsor.

The guidelines are a response
to the frustration that many
physicians feel when patients ask
for specific drugs or devices that
they have seen advertised, which
may not be appropriate for them.

AMA also voted to dis-
courage active and retired physi-
cians from participating in adver-
sing that endorses a particular
drug or device product. If physi-
cians do choose to participate in
an ad, there should be a clear dis-
claimer that they are being paid
for their endorsement, according
to the new AMA policy.

Last year, the Pharmaceutical
Research and Manufacturers
of America (PhRMA) issued volun-
tary “Guiding Principles” on
DTC advertising that called on
drug companies to spend time
educating health care profession-
als before beginning a new DTC
campaign. Under the PhRMA
policy, the length of time that
should be spent in this educa-
tional effort should vary from
product to product.

ed a set of ethical guidelines
designed to limit physician par-
ticipation in interrogation of pris-
onees and detainees. Under the
new guidelines, physicians must
do not conduct or directly partici-
pate in interrogations because it
undermines the role of the physi-
cian as a healer. The prohibition
on direct participation includes
monitoring with the intention of
interfering with the interrogation,
under guidance from the AMA.

According to AHIP President Karen Ig-
brant, the guidelines spell out a role for physicians
to help develop interrogation
strategies that are not coercive.

Dr. Priscilla Ray, chair of the AMA
Council on Ethical and Judicial
Affairs, which developed the pro-
posal, said at a press conference

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Defensive Medicine Consumes 10% of Premium Dollars

BY JOYCE FRIEDEN

Washington — The costs of mal-
practice insurance and defensive medicine
account for about 10 cents of every dollar
spent on health care premiums, several
speakers said at a press briefing sponsored
by America’s Health Insurance Plans.

Medical liability and defensive medicine
represented the “lion’s share” of cost in-
creases in the physician and outpatient
areas, Michael Thompson, principal at
the New York office of Pricewaterhouse-
Coopers, said at the briefing.

Litigation and defensive medicine also
accounted for about a third of the costs as-
sociated with poor-quality health care,
said Mr. Thompson, noting that the cost
of poor-quality care was spread through-
out the health care system.

According to AHIP President Karen Ig-
brant, efforts must be made to reduce the
amount of poor-quality care being
given. “We have a system where 45% of what’s
being done is not best practice,” she said.

In contrast, any private entity could operate
at that rate.”

Overall, the rate of increase in health care
premiums was 8.8% in 2004-2005,
down significantly from 13.7% in 2001-
2002, noted Jack Rodgers, managing di-
rector at PricewaterhouseCoopers. One
factor contributing to the slowdown was
a decrease in the rate of costs increases
for prescription drugs, according to Mr.
Thompson. “It’s now trending in line with
overall premiums,” he said.

Part of the reason for that decrease is
employers’ increasing use of three-tiered
or four-tiered drug programs, in which
the pharmacy benefit manager and
the payers share for brand-name
Drugs, especially if there are generic equiva-
In 2000, only 27% of patients were
in drug plans with three or more tiers; in
2004, the figure was 68%, he said. In ad-
dition, cost trends were helped by a drop
in the number of state mandates that are
being added each year, from 80 in 2000 to
less than 40 in 2004, Mr. Thompson said.

Despite these problems, Mr. Thompson
said in an interview that he did not expect
premium increases to go beyond 6%.
“We’re looking at the same number or
maybe a little lower,” he predicted.

Part of the stabilization will likely be
the employers having to pay more for
their health care costs and becoming more
aware of prices as a result, Mr. Thompson
added.