Washington — The failure to address low physician pay and looming reimbursement cuts in the Medicare program is starting to affect beneficiaries, said members of Medicare’s Practicing Physicians Advisory Council at their recent meeting.

PPAC member Dr. Vincent J. Bufalino, a cardiologist from Naperville, Ill., offered an example to the council. “We have in our community the beginnings of physicians walking away from Medicare. Four of the busiest internists in town have said ‘No’ and ripped up their [Medicare] agreement,” Dr. Bufalino said.

Half of Dr. Bufalino’s community’s six physicians are no longer accepting new Medicare patients, he said. Although the CMS still counts them as participating in the program, the trend is having a profound effect on beneficiaries’ access to physician services.

“We don’t think that participation rates, assignment rates, really reflect what is going on,” Dr. Bufalino told CMS Deputy Administrator Leslie Norwalk.

The CMS has to rely on the numbers gathered by physician groups, she responded. “I suspect that the best way to go about this is probably at the state level where you would ask your state medical society to survey members and let us know what it is that you see,” Ms. Norwalk suggested, noting that administration officials are legally banned from telling people to lobby Congress.

Lawmakers will have to be the ones to make changes to the current mechanism for updating physician payments. Based on the sustained growth rate (SGR) formula, mandated by the Balanced Budget Act of 1997, physicians are currently slated for a 5.1% cut in reimbursement starting Jan. 1. In past years, Congress has averted cuts or given doctors a small raise.

PPAC member Dr. Bufalino told CMS officials to use what influence they have to encourage lawmakers to do so again based on the recommendation from the Medicare Payment Advisory Commission that physician pay be increased by 2.8% in 2007.

“If you look at the data from 2001 to 2007, physicians’ costs are up 18%, yet Medicare payments are down 5% . . . Only physicians are subject to arbitrary spending cuts. Hospitals have a 3.7% update; nursing homes, a 3%; [and] Medicare Advantage now gets 11% of the fee-for-service rate and is slated for another 4.8% increase,” said PPAC member M. LeRoy Sprang, an ob.gyn. from Evanston, Ill.

His government estimates show that giving physicians a Medicare pay raise of 2%-3% over the next 5 years would carry a $58 billion price tag. Dr. Mark McClellan, the outgoing CMS administrator, has testified to Congress that any action taken to improve physician pay should be accompanied by provisions that allow the agency to better control how it spends the money through strategies such as pay for performance.

Physicians don’t object to the agency’s push for pay for performance, but you can’t expect to purchase quality on the cheap, said PPAC member Dr. Geraldine O’Shea, an internist from Jackson, Calif.

“We understand the cost is the bottom line, but as we’re moving toward this, we want to make sure it stays in the forefront [and] that health outcomes of our patients are still our No. 1 concern,” she said.

CMS Administrator Resigns, Touts Progress on Medicare Part D Benefit

As physicians fight to avoid a proposed 31.1% payment cut under Medicare slated to take effect in January, it’s unclear who will be leading the agency responsible for administering Medicare.

Dr. Mark B. McClellan resigned as administrator of the Centers for Medicare and Medicaid Services in early September after a 2½-year tenure with the agency. At press time, no acting or permanent replacement had yet been named.

Dr. McClellan, who previously served as commissioner of the Food and Drug Administration, said he is considering a move to a think tank in the Washington area.

In a press briefing announcing his resignation, Dr. McClellan said he would stay on at CMS for the next few weeks to aid in the transition.

His departure comes at CMS just months after the passage of the Medicare Modernization Act and has presided over the transition to the Medicare Part D drug benefit.

There has been momentum on all new initiatives at CMS, including the Part D benefit, he said. Dr. McClellan touted the progress of the Part D program, including lower-than-forecast beneficiary costs and an overall high rate of participation and beneficiary satisfaction. And regardless of the outcomes of this year’s midterm congressional elections, Dr. McClellan said he expects to see continued congressional oversight of the program.

The American Medical Association praised his expertise and experience as a physician and called for a replacement with similar qualifications. “It is our hope, that before leaving CMS, Dr. McClellan will institute efforts to help physicians provide the best possible care to Medicare patients by supporting congressional efforts to ensure that the 2007 Medicare physician pay increase actually goes into the pockets of physicians’ practice costs,” Dr. Cecil B. Wilson, AMA board chair, said in a statement.

—Mary Ellen Schneider

Policy & Practice

Prisoner Mental Health

More than half of all inmates in prisons and jails across the country have experienced symptoms of a mental disorder, according to a report by the Justice Department’s Bureau of Justice Statistics. The report found that 56% of state prisoners, 45% of federal prisoners, and 64% of inmates in jails had a recent history or symptoms of mental illness. The findings, based on a survey of prisoners, are similar to data that many prisoners reported symptoms of mania, major depression, and psychotic disorder. For example, among inmates who had reported symptoms of a mental disorder, 54% of jail inmates and 43% of state prisoners reported symptoms of mania. Thirty percent of jail inmates and 23% of state prisoners reported symptoms associated with major depression. The full report is available online at www.ojp.usdoj.gov/bjs/pub/pdf/mlppji.pdf.