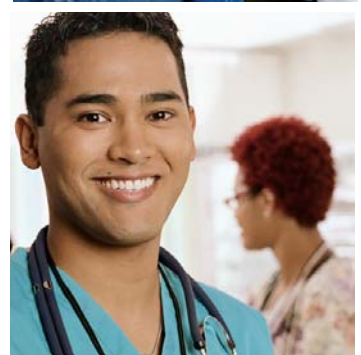
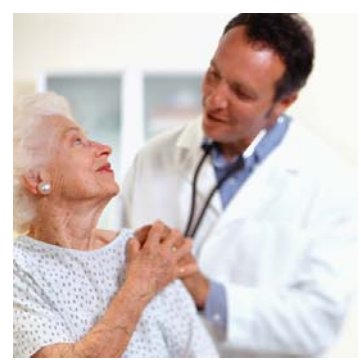


AMA Capitol Hill Briefing

Richard Deem
Cynthia Brown
Todd Askew



1984



Twenty Five Years Ago



- AMA funded the Health Policy Agenda for the American People
- Comprehensive set of policy proposals
- No political or public traction

Dramatic Difference in 2009

- White House Summit
- Health Reform Dialogue, Divided We Fail, Kennedy, Baucus
- Pressure from business & patient groups
- Status quo not working for anybody

AMA HSR Objectives

- Expand Coverage
- Improve Quality
- Reform government programs
- Reduce costs
- Increased focus on wellness/prevention
- Payment & delivery reforms

Coverage

- Affordable, essential health insurance coverage for all
- Robust private insurance market
- Sustainable public programs for vulnerable populations



Quality

- Real time data at point of care
- Measurement is a tool----not end point
- Correct PQRI problems



Reform Government Programs

- Adequate payments
- Balance billing and private contracting
- Replace SGR
- Allow public subsidies for purchase of private insurance



Reduce Costs

- Breakdown silos & reward physicians for reducing costs
- Medical liability reforms
- Stream-line insurance claims processing



Wellness/prevention

- Insurance benefit design aligned with prevention evidence
- Public investments in education, community projects and nutrition
- Eliminate racial, ethnic and gender disparities



Payment & Delivery Reforms

- Medical home & other steps to reward care coordination of chronic diseases
- Anti-trust relief to improve quality and care coordination
- Adequate testing of new payment models

Push is on for Health System Reform

- Presidential campaign issue now high on policy agenda
- Economic downturn said to increase urgency
 - Cost concerns are being raised
- Early steps by Congress and the Administration
 - Efforts to assemble expert health team early
 - Town halls, WH and regional summits
 - Incremental reforms signed into law
 - Many multi-stakeholder workgroups
- Current timeline is ambitious



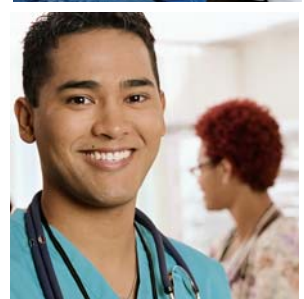
Common Reform Themes

- Expand coverage to all
 - Many support public option in choice of plans
 - Focus on employer-based system
 - Few single-payer advocates
- Focus on primary care
 - Delivery models, prevention/ wellness, care coordination, payments, workforce
- Shift incentives from service volume to quality, effectiveness, efficiency, shared accountability
 - Search for new delivery and payment models
- Cost control and affordability
 - Shift from amount paid to what we are paying for
- Transparency



First Steps

- Children's Health Insurance Program Reauthorization Act, signed 2/4/09 (HR 2)
 - Extends SCHIP through 2013
 - Expands coverage to pregnant women, legal immigrants
- American Recovery and Reinvestment Act, signed 2/17/09 (HR 1)
 - Increased Medicaid support for states, COBRA subsidies for unemployed
 - Investment/ incentives for HIT adoption
 - Comparative effectiveness research
 - \$500 billion for primary care workforce



Obama Budget Blueprint

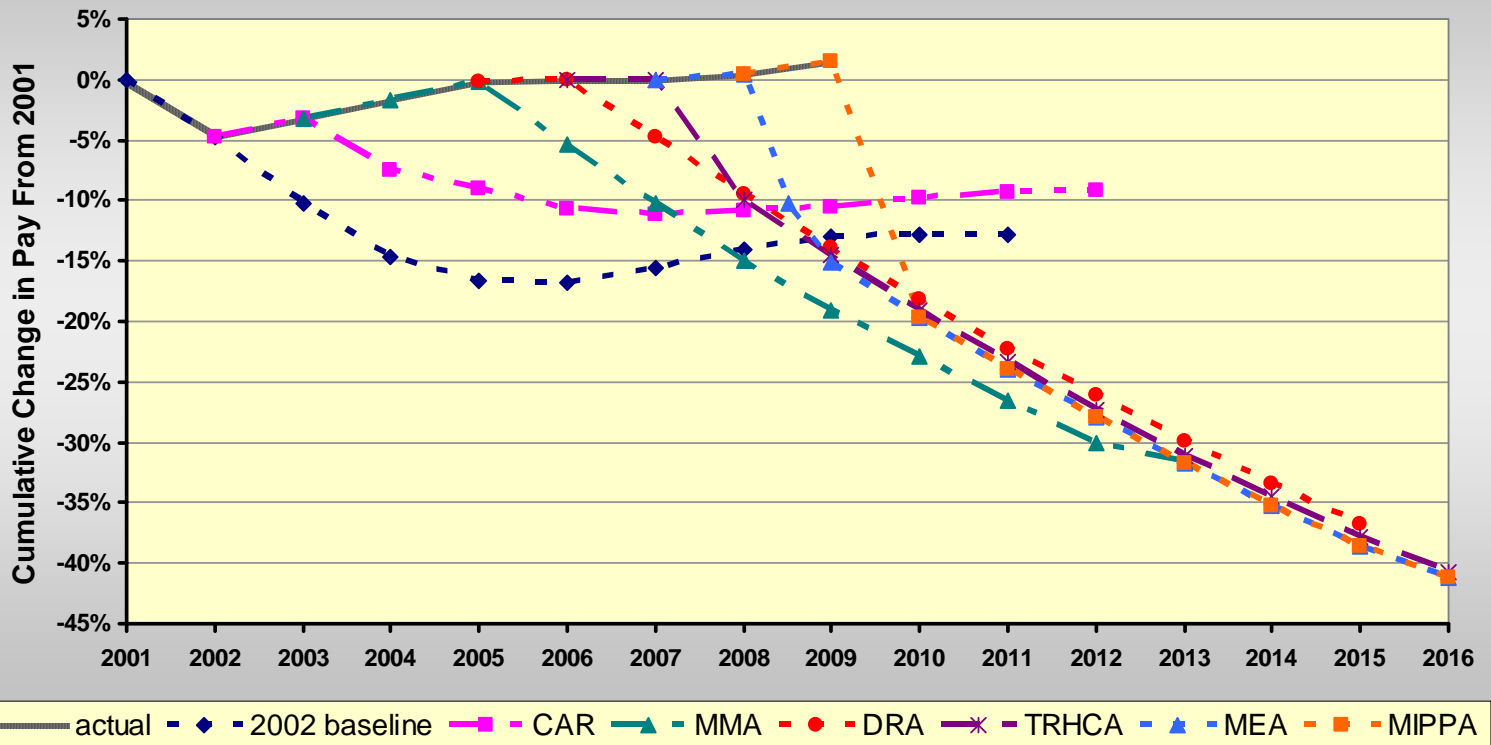
- First step in a long process
- Assumes stable Medicare physician payments in budget baseline (\$330 billion)
- Creates a \$634 billion health system reform reserve fund
- Sets forth principles for health system reform
- Describes SCHIP and ARRA provisions as down payment on system reform
- Provides additional \$330 million for primary care workforce training



Rebasing the Medicare Fee Schedule



Impact of SGR Fixes on Baseline



Rebasing the Medicare Fee Schedule

- Obama budget outline assumes flat payment rate for 10-years
- Interpret as honest budget forecasting, not a pay freeze policy
- Starting at ground zero to design new system, instead of -21% payment deficit in 2010
 - Looking ahead, focus will be on what we are paying for

Obama Budget: 8 Principles for Health System Reform

- Protect families financial health
- Makes health coverage affordable
- Aim for universality
- Provide portability of coverage
- Guarantee choice
- Invest in prevention and wellness
- Improve patient safety and quality care
- Maintain long-term fiscal sustainability



Obama Budget: Health System Reserve Fund

Limiting itemized deductions	\$318b
Medicare Advantage	\$177b
Hospitals	\$38b
Pharma/ bio	\$37b
Home Health	\$37b
Medicare & Medicaid Improvement Fund	\$24b
Physicians	\$0.3b
Program Integrity/ others	\$3b
Total	\$634b



Physician Provisions in Budget

- Use radiology benefit managers to ensure “appropriate imaging payments”
 - \$300 million estimated savings
- Policy proposals with no budget savings estimates provided:
 - Encourage physicians to administer flu vaccinations
 - Enable physicians to form bonus-eligible coordination groups
 - Physician hospital ownership
- Tax issue will be addressed and likely resolved by others



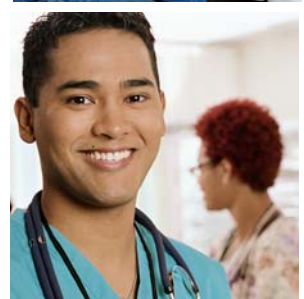
Perceptions Present Challenges for Physician Advocacy

- Despite relatively low growth, sense that physician spending needs to be controlled
 - Especially true for high-tech services
- Physicians play a prominent role in determining resource use
 - Basis of self-referral issue, among others
- Questions persist about US health care quality and practice variations
- International comparisons don't favor US
- Variations in average physician income raise questions



Concerns for Physicians

- Single-payer voices are active
- Public plan expansion
- New delivery models not fully understood or tested
- Potential for interference in clinical decision-making and patient relationship
- Focus on measuring performance rather than improving quality
- Increasing regulatory burden and other demands
- Incentives involving financial penalties
- One size does not fit all
- Sustainability
- Maintaining professional unity



The 111th Congress

House

Senate

254 Democrats
178 Republicans
3 Vacant Seats

56 Democrats
41 Republicans
2 Independents

13 physicians

**(both caucus as
Democrats)**

1 Vacancy

2 physicians

Multiple Committees Involved

House

**Committee on Ways
and Means**

**Committee on Energy
and Commerce**

**Committee on
Education and
Labor**

Senate

**Committee on
Finance**

**Committee on Health,
Education, Labor,
and Pensions
(HELP)**



House Activities

- House Committees are beginning to have hearings on health system reform
- Few details about legislation have emerged
- Process expected to follow “regular order”
- Look for details to begin to emerge soon
- Targeting summer for final passage

Senate Activities

- Senate Committees proceeding with stakeholder discussions
- Consensus needed to move legislation in the Senate
- Acknowledge the need for bipartisanship
- Hope to have floor action this summer



Coming together

- If both bodies are able to move legislation before August, the summer recess would likely be used to work out differences
- Great desire on the part of Congress and the White House to complete this process in 2009 – before the next election season




Opportunities

- Greatly reduce uncompensated care
- Addressing the barriers that prevent physicians from coming together to improve care and coordinate activities
- Medical Liability Reform
- Strengthening the health care workforce
- Eliminate the SGR



Reducing Uncompensated Care




The uninsured have been estimated to consume \$176.1 billion in medical care in 2008, with between \$54.3 and \$57.4 billion being uncompensated *(Health Affairs)*



\$7.8 billion provided by physicians. *(Health Affairs)*



AMA estimates that this number could be as high as \$48.9 billion for physicians.



If insured, this population would be expected to increase consumption by \$122.6 billion, to \$298.7 billion *(Health Affairs)*

Addressing Barriers to Working Together

Current antitrust laws, anti kick-back laws, and Stark laws can keep physicians from coming together to improve care in their community.

Health System Reform advocates have placed a great deal of emphasis on collaboration between health care providers.



Collaboration

- Accountable Care Organizations (ACO's)
- Reducing Hospital Readmissions
- Bundled Payments
- Physician Group Practice Demos
- Gainsharing
- Implementing HIT systems



Medical Liability Reform

Opportunities for Incremental Steps



Health Courts



Early Disclosure and Compensation Programs



Administrative Determination of Compensation Model



Expert Witness Qualifications

Strengthening the Health Care Workforce

GME Residency Caps

Training in Community Based Settings

Increasing the Diversity of the Workforce

Student Debt Relief



Medicare: Replacing the SGR

Lots of Ideas:

- PQRI reforms
- Provider Feedback Program and Episode Groupers
- Bundled Payments
- Physician Group Practice and Accountable Care Organizations
- Gainsharing

Evidence, at this point, is thin.



Medicare “Ask”

End the annual cycle of temporary Medicare pay fixes – support a new baseline for Medicare in the Budget

Replace the SGR with a system that adequately keeps up with the cost of providing care

Health System Reform “Ask”

- Affordable, quality health care coverage for all
- Provide positive incentives for physicians to enhance the coordination, quality, and value of care
- In all cases, the primacy of the patient-physician relationship must be at the center of reform



Balance Billing “Ask”



Rep. Tom Price has introduced H.R. 1384 to allow non-participating physicians to balance bill patients under the Medicare program



The bill also preempts state laws that prohibit balance billing.



Ask your Representative to cosponsor H.R. 1384.



Are You Fully Engaged?

- AMPAC: <http://ampaconline.org>
- Grassroots: www.ama-assn.org/grassroots

