



## Update of the AMA House of Delegates on Health System Reform

**Jeremy A. Lazarus, MD  
Speaker of the House  
March 19, 2010**

Thank you for taking the time to participate on this call. The debate over health system reform has divided the family of medicine. The American Medical Association (AMA) Board of Trustees (BOT) has heard and respects the divergent views expressed by the physicians across the country. If government officials allowed medical professionals, and front-line caregivers to develop the policy, this country would be in a much better place.

This weekend the U.S. House of Representatives will vote on the most important piece of health care legislation since the creation of the Medicare program. When H.R. 3590 was being considered in the Senate, the AMA supported its passage while expressing opposition to certain provisions that we believed could be resolved in the conference committee process. In early January, we were making headway on a number of outstanding issues. However, the Senate election in Massachusetts led to another turn in a legislative process which is badly in need of its own reform. A number of the policy changes which need to be made to the Senate bill are precluded by the restrictions that apply to the reconciliation process. The political environment that has led to this weekend's vote is as astonishing and unsavory to the AMA as it is to many across the country. Both sides of the aisle need to change the way Congress conducts its work.

Our dilemma is that we now face a vote on legislation that is not what we would design. Legislation that is imperfect. Legislation that will require modifications. Legislation that must be supplemented with additional legislative actions. But legislation that will help millions of patients by extending coverage to 32 million Americans, improving competition and choice in the insurance marketplace, promoting prevention and wellness, reducing administrative burdens and protecting the fundamental principles of the patient-physician relationship. After carefully weighing the benefits and the shortcomings, we support the passage of H.R. 3590, which will improve the ability of patients and their physicians to achieve better health outcomes.

The foundation of our profession is the code of ethics. The AMA's Principles of Medical Ethics guide us to be sure that the interests of our patients come first and as physicians we have a duty to support access to medical care for all people. The AMA Code of Medical Ethics says:

2.095 The Provision of Adequate Health Care: “Because society has an obligation to make access to an adequate level of health care available to all of its members regardless of ability to pay, physicians should contribute their expertise at a policymaking level to help achieve that goal.”

10.01 Fundamental Elements of the Patient-Physician Relationship: “The patient has a basic right to have available adequate care. Physicians along with the rest of society should continue to work toward this goal.”

We do not subscribe to the attitude that the ends justify the means. This isn’t the end, it is only the beginning—a start at doing what every other developed country has done to help their citizens have access to care. Other countries have done it in different ways. We need to find a uniquely American solution for our country. But starting over isn’t the answer. Starting over means millions of Americans who can’t get, or can’t afford insurance, and those with insurance who become ill and are subject to insurance practices that are totally unacceptable. Millions of Americans have suffered under the status quo for too many years. The pending health system reform bill moves the country forward, but Congress and the AMA must continue to work to enact additional legislation to correct deficiencies and address issues that are not in the pending bill.

Over the last several months, AMA Advocacy has been guided by AMA-BOT Resolution 203 and an extensive collection of policies adopted by the AMA House of Delegates over the last several years.

Five of the seven AMA essential elements for reform are achieved in H.R. 3590. This includes coverage for 32 million Americans, insurance market reforms that expand choice and competition and eliminate denials of coverage for pre-existing conditions, coverage and market reforms that will strengthen the patient-physician relationship, investments in quality, prevention and wellness that will improve health care delivery, and streamlining insurance claims processing functions that will lower overhead costs and improve practice revenue cycles.

The Obama administration and pending legislation provide new funding for medical liability alternative initiatives. For years, federal officials have talked about medical liability reform, now we have a grant program to advance early offers, health courts and possibly safe harbors for best practice guidelines. The AMA will continue to advocate for proven reforms such as caps on non-economic damages. The costs of defensive medicine must be reduced to preserve access to affordable health care.

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The AMA has urged the Obama administration and Congress to allow patients and physicians to enter into private contracting agreements without penalties. The legislation neither improves nor restricts current practices. We will continue to press policymakers to let patients and physicians freely engage in private contracting arrangements without penalties.

A number of items contained in Resolution 203 have been resolved. There is no public option, no Medicare buy-in and no mandatory physician participation. The AMA succeeded in eliminating proposed payment cuts for utilization outliers as well as a budget neutrality adjustment to offset the cost of the primary care bonus. In addition, AMA principles for comparative effectiveness research are reflected in the Senate-passed bill.

Last December the AMA was also successful in eliminating a proposed tax on cosmetic surgery and physician enrollment fees for Medicare and Medicaid.

Those things that are not addressed in the pending legislation and provisions must be acted upon promptly by the House and Senate. Congress needs to act very soon to preserve access to care by permanently repealing the Medicare sustainable growth rate (SGR) that will trigger a 21 percent cut in another month. The Obama administration, House and Senate leaders are committed to moving legislation in the near future to reform a terribly flawed Medicare physician payment formula. We will have more to report on the SGR front in the near future.

Key members of Congress and the administration agree that changes are needed for the proposed Independent Payment Advisory Board (IPAB). Physicians must not be subject to two expenditure targets and potentially two rounds of cuts in one year. The reconciliation process precluded action on needed changes. The AMA is not alone in the demands for changes in the IPAB framework and we are confident about prospects for securing needed changes in how IPAB functions before this activity kicks into gear in 2013.

We also have commitments with Congress and the administration to modify provisions to create a cost/quality value index to adjust payments at the individual physician level. This provision will not be implemented until 2015 and we will aggressively work for modifications to reflect the realities of medical practice. We have also made progress in negotiations with congressional offices and the administration in establishing additional safeguards for data release and public reporting.

The AMA has publicly and actively opposed penalties for physicians that do not participate in the Medicare quality reporting program. We were able to defer the implementation of those penalties until 2014 and we will continue efforts to substitute positive incentives for penalties and secure other changes in the PQRI program.

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The AMA has led the fight for the last seven years to oppose limitations on physician hospital ownership. Restrictions on physician-owned hospitals reduce competition and choice and have no place in a market based system. In many areas, physician-owned hospitals have produced the highest quality ratings in their local areas. The battle over physician-owned facilities is not over. We will fight to reverse this provision and restore the rights of physician ownership.

As noted earlier, the pending legislation in the House is an important step but far from the final step in health system reform. There will be opportunities to correct deficiencies in the pending bill. Corrections bills will be introduced to make important policy changes that were not incorporated in the reconciliation package. The House and Senate will take up SGR reform legislation in the next couple of months.

The problems that need to be addressed in our health care delivery system cannot be corrected in a single piece of legislation. Health system reform is a lifetime journey, the pending legislation moves us forward but we have much work to do to realize our priority objectives. The bonds of our profession and its ethical code have enabled American physicians to conquer many challenges and continually elevate the highest quality of care in the world. We should not allow politicians to divide us. We can respectfully disagree on tactics and strategies. Our shared values provide the strength to move our health care system to where it needs to be. The AMA will be relentless in pursuit of the unfinished business of health system reform and empowering patients and physicians to improve the health of our nation. ■