

UPDATES FROM BARATZ & ASSOCIATES, P. A. FOR THE HEALTHCARE INDUSTRY

August 2009
Issue 10

WHO IS MEDPAC AND WHAT ARE THEY SAYING?

The Medicare Payment Advisory Commission (MedPAC) is an independent congressional agency established by the Balanced Budget Act of 1997 to advise the U.S. Congress on issues affecting the Medicare program. In addition to advising the U.S. Congress on payments to health plans participating in the Medicare Advantage program and providers in Medicare's traditional fee for service program, MedPAC is also tasked with analyzing access to care, quality of care, and other issues affecting Medicare.

In the March 2009 report to the Congress, Chairman Glenn M. Hackbarth, J.D. made some statements and observations that continue to be echoed in the current healthcare reform debate.

- "Medicare, as it currently operates, is unsustainable over the long term."
- "Action is required soon; otherwise the only ways to address the fiscal imbalance resulting from Medicare may be to increase taxes, increase beneficiary premiums, delay eligibility, and reduce benefits."

General recommendations from MedPAC included:

- Redesign and rebuild our deteriorating system of primary care;
- Move beyond the largely fee-for-service payment system used by Medicare, which rewards more care and more expensive care without regard to its value;
- Revamp medical advantage programs;
- Apply fiscal pressure on providers to constrain their costs; and,

- Invest in better information on the effectiveness of treatment options.

Specific areas were also addressed:

- Hospital Inpatient and Outpatient Services Recommends an update equal to the projected increase in the market basket for inpatient and outpatient services, with this update implemented concurrently with a quality improvement program.
- Physician Update and Primary Care Recommends an update of payments for physician services by 1.1 percent.
- Imaging Services Recommends that Medicare adopt a standard in which providers are assumed to use costly imaging machines at close to full capacity (45 hrs. per week, 90% of the time providers are open, as opposed to the current 25 hrs. per week, or 50% of the time providers are open). This change would reduce practice expense relative value units (used in the calculation of the Medicare fee schedule reimbursement amounts) for costly imaging services, in effect, reducing reimbursement.
- Ambulatory Surgery Centers (ASC) Recommends that ASC's receive a payment update of 0.6 percent and that they be required to submit cost and quality data to the secretary.
- Outpatient Dialysis Services Recommends maintaining current law and updating the composite rate by 1 percent.

Other areas of commentary can be found by clicking on the link to the full MedPAC report noted below.

Other issues included findings and commentary on “Public reporting of physicians’ financial relationships.” The report notes that despite the benefits derived from financial relationships between manufacturers, hospitals, physicians and other healthcare entities, there may be conflicts of interest “between the commercial interests of manufacturers and physicians’ obligations to do what is best for their patients.”

MedPAC recommends that:

- Congress mandate the reporting of comprehensive information on industry relationships with physicians and other healthcare entities, and that the secretary post this information on a public site;
- Congress require pharmaceutical manufacturers to report information drug samples and their recipients and that this information be made available for research and legitimate business purposes through data use agreements;
- The secretary collect information on physician investment in hospitals and other healthcare providers and make it available in a public database, which would facilitate research on how physician ownership might influence patient referrals, quality of care, volume and overall spending; and,
- The secretary use data from the Disclosure of Financial Relationships Report (DFRR) to report to the Congress on the prevalence of various financial relationships between hospitals and physicians. This report could help guide future decisions on what types of physician – hospital relationships (in addition to ownership) should be publicly reported.

There seems to be significant agreement on the commission for various recommendations discussed above and MedPAC has been in the forefront of oversight options in the current administration’s healthcare reform proposals.

This would suggest that much of what they are analyzing and recommending has the ear of legislators and will likely impact on current and future decisions and direction. It is important that hospital administrators, physicians, ancillary providers, consultants, healthcare attorneys and others be familiar with what MedPAC says so that it can be considered in future decisions and business plans. We have included links to the MedPAC site as an additional resource.

http://www.medpac.gov/document_search.cfm

NEW OIG ADVISORY OPINION 09-09

For those of you in the Ambulatory Surgery Center (ASC) business, on July 29, 2009 the OIG issued Advisory Opinion 09-09 (see link) that sheds some additional light on how they think about Hospital / Physician ASC joint ventures. You may want to check it out.

<http://www.oig.hhs.gov/fraud/docs/advisoryopinions/2009/advopn09-09.pdf>

NOTE: FOR ADDITIONAL INFORMATION AND RESOURCES MAKE SURE YOU CHECK OUT OUR NEW WEBSITE: <http://www.baratzcpa.com>

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