Health Care Reform and the Missions of Academic Medicine

Atul Grover
ACLGIM Summit
December 5, 2010
ACA and Health Insurance Coverage

Beginning in 2014, over 10 years will reduce by 32 million the number of uninsured individuals

94% of legal residents ultimately covered
  - 16 million covered through “exchanges”
  - 16 million will enroll in Medicaid/CHIP

23 million remain uninsured
  - 1/3 are unauthorized immigrants
ACA: Other Significant Provisions

Individual mandate

Significant insurance reforms (pre existing conditions, rescissions, lifetime and annual limits, etc)

Expands Medicaid to 133%: Feds pay 100% for new Medicaid 2014-2016, down to 93% in 2019

No IME or DGME Cuts w limited workforce expansion

Closes Medicare prescription ‘donut hole’

Tax insurers, Rx, high income individuals, and “Cadillac” plans

$155 b/10 years in payment cuts to hospitals

New “program integrity” (aka fraud and abuse) provisions

Creation of IPAB
Innovation and Alignment

Getting from here to there...

challenged by policy makers & society to:

- Bend the cost curve
- Increase quality
- Enhance patient safety
- Improve outcomes
- Better educate future physicians
- Perform high quality research
Hospital Implementation Issues

- Hospital price transparency
- Community benefit reporting reqs/IRS
- Readmissions policies FY 2013
- Value based purchasing FY 2013
- Hosp Acquired Conditions reductions FY 2015

Level of insurance/payment vs. market basket, productivity, and DSH cuts (2014)
Physician Issues on Horizon

- SGR ‘fix’ vs. patches after Dec 31st
- Changes to GPCI, MEI
- PQRI mandatory in 2011 for physicians
- Public reporting (‘physician compare’)
- Sunshine Act
- HIT meaningful use requirements
- Physician pay ‘value’ modifier
- Medicaid payment rates
- Primary care vs. specialty reimbursement
## Incentive Programs

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>PQRI</td>
<td>1.0%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>OR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PQRI – MoC option</td>
<td>1.5%</td>
<td>1.0%</td>
<td>1.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td>E-prescribing</td>
<td>1.0%</td>
<td>1.0%</td>
<td>0.5%(^a)</td>
<td>0.0%(^a)</td>
</tr>
<tr>
<td>OR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EHR Meaningful Use</td>
<td>Varies</td>
<td>Varies</td>
<td>Varies</td>
<td>Varies</td>
</tr>
</tbody>
</table>

Penalties for not e-prescribing: 1.0% reduction in 2013; 1.5% reduction in 2015

Note: Incentives are lump payments. Percents on Medicare total allowed charges for applicable period

**Other Medicare Incentives**

- 10% bonus (quarter or annual) on primary services by primary care practitioners (2011-2015)
- 10% bonus (quarter or annual) on surgeries by general surgeons in HPSAs (2011-2015)

**Medicaid Incentive**

Rates for primary care services not less than Mcare Fee Schedule (2013-2014)
Potential Reductions Applied to Physician Conversion Factor

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>PQRI</td>
<td>1.5%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>EHR Meaningful Use*</td>
<td>1.0%</td>
<td>2.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Value based modifier</td>
<td>TBD (increase or reduction)</td>
<td>TBD (increase or reduction)</td>
<td>TBD (increase or reduction)</td>
</tr>
</tbody>
</table>

* If 75% or fewer of eligible professionals are not meaningful EHR users, a 1% decrease in fee schedule may continue for 2018 and beyond, not to exceed a total reduction of 5%.

At least 5% of Fee Schedule at Risk by 2017!
Implementation of Reform

What is an ACO?
How will insurance “exchanges” work?
Can Medicare transform into an active payer?
Under ACA, Medicare is key vehicle for quality and cost initiatives, i.e. Accountability”

Goal: transform Medicare from a passive payer to an active purchaser of higher quality, more efficient health care

• Value-based purchasing
• Payment reductions for unnecessary hospital readmissions and hospital-acquired conditions
• Pilots and Demos
Accountability:
Value-Based Purchasing Modifier under PFS

Payment modifier under fee schedule based on quality of care compared to cost

- Based on a composite of measures, such as measures that reflect health outcomes. Measures to be risk-adjusted

- Costs to be based on a composite of appropriate measures of costs that eliminate geographic adjustments and take into account risk factors
Accountability: Physician Value Modifier

By 1/1/12: measures of quality and costs to be published

2013: Implementation of modifier to begin through PFS rulemaking

1/1/15: payment modifier for specific physicians and physician groups

Not later than 1/1/17: modifier with respect to all physicians and physician groups

9/24/10 - CMS hosted Listening Session on feedback reports and VBP Modifier
ACA GPCI provisions

1.0 work GPCI floor extended to December 2010 – expires in 2011

1.0 PE GPCI floor for frontier states

Blending local/national rates for rent and compensation for 2011 PE GPCIs

- Increases for low-cost areas
- “Hold harmless” for high-cost areas
- BUT a separate CMS proposal in GPCI calculation could mean many high-cost urban areas will see lower PE-GPCIs anyway
Accountability: Center for Medicare and Medicaid Innovation (CMMI)

“The purpose of the CMMI is to test innovative payment and service delivery models to reduce program expenditures ….while preserving or enhancing the quality of care. . .”

Must be in place by Jan. 1, 2011

Must consult with other relevant federal agencies, and clinical and analytical experts

“Acting” head is Rick Gilfillan, MD
Accountability: Center for Medicare and Medicaid Innovation (CMMI), Cont.

Budget neutrality not required initially
10 billion available 2011-2019
Sec authority to waive anti-kickback regs, etc
Secretary may expand the duration and scope of model if:
- reduces spending without reducing quality, or
- improves care without increasing spending
Potential model to be tested in the CMI:

“Establishing comprehensive payments to Healthcare Innovation Zones, consisting of groups of providers that include a teaching hospital, physicians, and other clinical entities that, through their structure, operations, and joint-activities deliver a full spectrum of integrated and comprehensive health care services to applicable individuals while also incorporating innovative methods for the clinical training of future health care professionals.”

Specifics now being determined

Other models in CMI: PCMH, care coordination, comm health teams, etc
Elements of the HIZ

- FQHC
- Comm Hosp
- LTAC
- Nursing Home
- CMS, Private Payers, Self-Insured
- HIT/CER Capabilities
- Health Professions Education
HIZ Elements

- FQHC
- Comm Hosp
- LTAC
- Nursing Home

- Health Professions Education

- Med School
  - Teaching
  - Hospital
  - FPP

- CMS, Private Payers, Self-Insured

- HIT/CER Capabilities
HIZ Designed to Test Payment, System, Education

- Geographic, Demographic, Disease Populations
- Workforce, Practice, Educational Innovation
- Practice, Process, Workforce Redesign
- ACO Bundles Groupers Medical Home
  - Real Time Analysis and Course Correction
AAMC Learning Network

Learning Network & Aggregate Analysis

HIZ 1

HIZ 2

HIZ 4

HIZ 3
Accountability:
An Emerging Culture for AMCs

Hierarchical → Collaborative
Autonomous → Team-based
Competitive → Service-based
Expert-centered → Patient-centered
Individualistic → Mutually accountable
The Work Ahead?
Medicare Spending per Beneficiary, by Hospital Referral Region, 2006

Note: Data adjusted for age, race, and sex but not price. Category definitions as in source document.
Quintiles of Adjusted Annual Total Medical Spending per Beneficiary, According to Hospital-Referral Region.

“Values differ from those in the Dartmouth Atlas primarily because we adjusted for a longer list of patient health characteristics but also because we included only Medicare beneficiaries with stand-alone Part D plans and included out-of-pocket spending along with Medicare reimbursement.”
U.S. MDs in Primary Care

Source: AMA Masterfile, 2010
Percent of U.S. MDs in Primary Care

Source: AMA Masterfile, 2010
Primary Care Income Less Than Most Other Specialties
Median Salary by Specialty in thousands of dollars

Source: MGMA Physician Compensation and Production Survey, 2006
Impact of Reform on Workforce

- Resident redistribution: adds ~300 PC doctors & gen surgeons per year (3,000 /10 years)
- HHS workforce grants: adds 500 primary care doctors over 10 years
- 32 million into system, many without prior insurance with pent up needs
- Over next 20 years, 36 million people added to Medicare (using the most services) ~ 20% of the population (up from 13%)
### Per Capita Index for Use of Physician Services (relative to fee-for-service)

<table>
<thead>
<tr>
<th>Specialty</th>
<th>Fee-for-service</th>
<th>Exclusive Network</th>
<th>All Other Managed</th>
<th>Uninsured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anesthesiology</td>
<td>1.00</td>
<td>0.86</td>
<td>0.98</td>
<td>0.29</td>
</tr>
<tr>
<td>Cardiovascular Diseases</td>
<td>1.00</td>
<td>0.92</td>
<td>1.00(^1)</td>
<td>0.18</td>
</tr>
<tr>
<td>Emergency Medicine</td>
<td>1.00</td>
<td>0.41</td>
<td>0.47</td>
<td>0.78</td>
</tr>
<tr>
<td><strong>General/Family Practice</strong></td>
<td><strong>1.00</strong></td>
<td><strong>0.87</strong></td>
<td><strong>0.99</strong></td>
<td><strong>0.60</strong></td>
</tr>
<tr>
<td>General Surgery</td>
<td>1.00</td>
<td>0.86</td>
<td>0.98</td>
<td>0.33</td>
</tr>
<tr>
<td>General Surgery Subspecialties</td>
<td>1.00</td>
<td>0.86</td>
<td>0.98</td>
<td>0.33</td>
</tr>
<tr>
<td><strong>Internal Medicine</strong></td>
<td><strong>1.00</strong></td>
<td><strong>1.03</strong></td>
<td><strong>1.18</strong></td>
<td><strong>0.25</strong></td>
</tr>
<tr>
<td>Internal Medicine Subspecialties</td>
<td>1.00</td>
<td>0.90</td>
<td>1.00(^1)</td>
<td>0.24</td>
</tr>
<tr>
<td>Obstetrics/Gynecology</td>
<td>1.00</td>
<td>0.83</td>
<td>0.95</td>
<td>0.30</td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>1.00</td>
<td>1.00(^1)</td>
<td>1.00(^1)</td>
<td>0.67</td>
</tr>
<tr>
<td>Orthopedic Surgery</td>
<td>1.00</td>
<td>0.78</td>
<td>0.90</td>
<td>0.22</td>
</tr>
<tr>
<td>Other Specialties</td>
<td>1.00</td>
<td>0.59</td>
<td>0.68</td>
<td>0.32</td>
</tr>
<tr>
<td>Otolaryngology</td>
<td>1.00</td>
<td>0.66</td>
<td>0.76</td>
<td>0.45</td>
</tr>
<tr>
<td><strong>General Pediatrics</strong></td>
<td><strong>1.00</strong></td>
<td><strong>1.00</strong>(^1)</td>
<td><strong>1.00</strong>(^1)</td>
<td><strong>0.62</strong></td>
</tr>
<tr>
<td>Pathology</td>
<td>1.00</td>
<td>0.86</td>
<td>0.98</td>
<td>0.27</td>
</tr>
<tr>
<td>Psychiatry</td>
<td>1.00</td>
<td>0.65</td>
<td>0.75</td>
<td>1.00(^1)</td>
</tr>
<tr>
<td>Radiology</td>
<td>1.00</td>
<td>0.86</td>
<td>0.98</td>
<td>0.22</td>
</tr>
</tbody>
</table>

Patients Are Living Longer With Disease

Prevalence of End-Stage Renal Disease

# of patients alive on 31 December


Source: Health, United States, 2009 – CDC http://www.cdc.gov/nchs/hus.htm
Primary Care Visits Are at Least 50% of All Visits for Age<55

Percentage of Visits to Primary Care Physician by Age
2007

Source: Health, United States, 2009 – CDC http://www.cdc.gov/nchs/hus.htm
Medicare Beneficiaries Depend Upon Both PC & Specialty Care

Physicians required per 100,000 Population by Patient Age
## How Many More Physicians?

### Projected Supply and Demand, Full-time Equivalent Physicians Active in Patient Care Post Health Care Reform, 2008-2025

<table>
<thead>
<tr>
<th>Year</th>
<th>Physician Supply (All Specialties)</th>
<th>Physician Demand (All Specialties)</th>
<th>Physician Shortage (All Specialties*)</th>
<th>Physician Shortage (Non-Primary Care Specialties)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>699,100</td>
<td>706,500</td>
<td>7,400</td>
<td>None</td>
</tr>
<tr>
<td>2010</td>
<td>709,700</td>
<td>723,400</td>
<td>13,700</td>
<td>4,700</td>
</tr>
<tr>
<td>2015</td>
<td>735,600</td>
<td>798,500</td>
<td>62,900</td>
<td>33,100</td>
</tr>
<tr>
<td>2020</td>
<td>759,800</td>
<td>851,300</td>
<td>91,500</td>
<td>46,100</td>
</tr>
<tr>
<td>2025</td>
<td>785,400</td>
<td>916,000</td>
<td>130,600</td>
<td>64,800</td>
</tr>
</tbody>
</table>

Source: AAMC Center for Workforce Studies, June 2010 Analysis

*Total includes primary care, surgical, and medical specialties.*
Medicare’s Investment in GME

DGME as a % of Medicare

IME as a % of Medicare

Residency Positions vs Applicants

Figure 1: Applicants and 1st Year Positions in the Match, 1952 - 2010
Deficit reduction Commission recommendation: Reduce payments to hospitals for medical education.  
(Saves $6 billion in 2015, $60 billion through 2020)

"Whether we get two votes or 18, this baby ain't goin' away," he said. "Oh, sure, it may be buried in an unmarked grave soon, but when the votes for the budget and to extend the debt limit and the debate on that comes up in the spring, this cadaver will rise from the crypt."

—Alan Simpson, Wash Post 12.3.2010
2010 Midterm Elections

“Your public servants serve you right.”

- Adlai Stevenson
## Results

<table>
<thead>
<tr>
<th></th>
<th>No Winner</th>
<th>Republicans</th>
<th>Democrats</th>
<th>Ind</th>
<th>Likely Net GOP Gain</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Senate</strong></td>
<td>(1)</td>
<td>47</td>
<td>51</td>
<td>2</td>
<td>+6</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>239</td>
<td>188</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>U.S. House</strong></td>
<td></td>
<td>243</td>
<td>192</td>
<td></td>
<td>+64</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>29</td>
<td>16</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Governors</strong></td>
<td></td>
<td>29</td>
<td>20</td>
<td>1</td>
<td>+5</td>
</tr>
</tbody>
</table>

(1) Note: The Senate race is a close contest with a narrow margin for the winner.
# Health Care Law?

## What Should Congress Do With New Health Care Law?

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Democrat</th>
<th>Republican</th>
<th>Other/No Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand It (31%)</td>
<td></td>
<td>84%</td>
<td>14%</td>
<td>2%</td>
</tr>
<tr>
<td>Leave It As Is (16%)</td>
<td></td>
<td>66%</td>
<td>31%</td>
<td>3%</td>
</tr>
<tr>
<td>Repeal It (48%)</td>
<td></td>
<td>11%</td>
<td>87%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: NEP National Exit Polls; CNN.com
Physicians in the 112th Congress

John Boozman (R-AR) – Optometrist*
Rand Paul (R-KY) – Ophthalmologist*
John Barrasso (R-WY) – Orthopedic Surgeon
Tom Coburn (R-OK) – Family Medicine
Larry Bucshon (R-IN) – Cardiothoracic Surgeon*
Andy Harris (R-MD) – Anesthesiologist*
Dan Benishek (R-MI) – General Surgeon*
Joe Heck (R-NV) – Emergency Physician*
Nan Hayworth (R-NY) – Ophthalmologist*
Scott Desjarlais (R-TN) – Family Physician*

Charles Boustany (R-LA) – Surgeon
Paul Broun (R-GA.) – General Medicine
Michael Burgess (R-Texas) – OB-GYN
Donna Christian-Christensen (D-V.I.) – Family Medicine
Phil Gingrey (R-GA) – OB-GYN
Jim McDermott (D-WA) - Psychiatrist
Ron Paul (R-TX) – OB-GYN
Tom Price (R-GA) – Surgeon
Bill Cassidy (R-LA) – Gastroenterologist
John Fleming (R-LA) – Family Medicine
Phil Roe (R-TN) – OB-GYN

*Newly Elected
Lame Duck To-Do List

- FY 2011 appropriations bills
- Extension of Bush-era tax cuts
- Patch for the alternative minimum tax (AMT)
- Medicare physician fees (SGR)
- Embryonic stem cell research ????
November 5, 2010

The Honorable Harry Reid
Majority Leader
United States Senate
S-221 Capitol Building
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
22-232 Capitol Building
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
United States Senate
S-200 Capitol Building
Washington, DC 20510

The Honorable John Boehner
Minority Leader
United States House of Representatives
24-204 Capitol Building
Washington, DC 20515

Dear Majority Leader Reid, Speaker Pelosi, Minority Leader McConnell, and Minority Leader Boehner:

As the leaders of the U.S. Congress, you have a unique opportunity to address the pressing issues of human embryonic stem cell research. The discovery of human embryonic stem cells has led to a new era of medical research and promises to revolutionize the way we treat and cure diseases. This research has the potential to lead to groundbreaking treatments for a wide range of illnesses, including but not limited to diabetes, spinal injuries, Parkinson's disease, and Alzheimer's disease.

However, it is crucial that we proceed with caution and ensure that the use of embryonic stem cells is conducted ethically and with scientific rigor. The potential for these cells to differentiate into any cell type offers promising prospects for regenerative medicine and the potential to regenerate damaged or diseased tissues. However, it is equally important to consider the ethical implications of this research and to ensure that the methods used are consistent with established ethical standards.

We support the continued funding of stem cell research under the guidance of the National Institutes of Health (NIH) and the National Science Foundation (NSF). These agencies have established policies that ensure the ethical use of stem cells and maintain rigorous oversight of the research conducted. We urge you to support these efforts and to work towards a balanced approach that prioritizes both scientific progress and ethical considerations.

Thank you for your attention to this important issue. We look forward to working with you to ensure that the potential of stem cell research is realized in a responsible and ethical manner.

Sincerely,

[Signatures]

Scott Peters, MD
President
Spaulding Rehabilitation Network

David Rohto, MD
President
AAMC
Potential House Republican Leadership Team in the 112th

John Boehner (OH)
Kevin McCarthy (CA)
Eric Cantor (VA)
Jeb Hensarling (TX)
Themes for 112th Congress

• Jobs and the Economy

• Deficit Reduction
  • Republicans want to reduce nonsecurity discretionary spending to FY 2008 levels
  • Republicans may trade vote on increasing the debt limit for spending cuts

• Efforts to Repeal Health Care Reform

• More partisanship

• 2012 campaign has begun
Health Care Reform (ACA) Targets

• 1099 form
• Comparative effectiveness research/PCORI
• Independent payment advisory board (IPAB)
• Grandfather provisions
• Individual & Employer mandates
• HSA rules
• IRS authority
• Long-term care/ CLASS act
• Medicaid expansion
• Medical loss ratio
• Medicare cuts
• Minimum benefits

All of the “authorized” but not “appropriated” programs
The Congressional Academic Medicine Caucus (CAMC)

Schwartz, Allison (D-PA) co-chair
Tiberi, Patrick (R-OH) co-chair

Berkley, Shelley (D-NV)
Bishop, Sanford (D-GA)
Bishop, Tim (D-NY)
Boucher, Rick (D-VA)
Capuano, Mike (D-MA)
Carnahan, Russ (D-MO)
Carson, Andre (D-IN)
Cassidy, Bill (R-LA)
Courtney, Joe (D-CT)
Crowley, Joseph (D-NY)
Dahlkemper, Kathy (D-PA)
Davis, Danny (D-IL)
Delahunt, William (D-MA)
Doyle, Mike (D-PA)
Driehaus, Steve (D-OH)
Ehlers, Vernon (R-MI)
Ellison, Keith (D-MN)
Engel, Eliot (D-NY)
Goodlatte, Bob (R-VA)
Holt, Rush (D-NJ)
Israel, Steve (D-NY)
Johnson, Hank (D-GA)
Kanjorski, Paul (D-PA)
Kaptur, Marcy (D-OH)
Lance, Leonard (R-NJ)
Lee, Christopher (R-NY)
Loebsack, David (D-IA)

Lowey, Nita (D-NY)
Lynch, Stephen (D-MA)
Maffei, Dan (D-NY)
Maloney, Carolyn (D-NY)
Markey, Edward (D-MA)
Matsui, Doris (D-CA)
McGovern, James (D-MA)
McMahon, Michael (D-NY)
Moore, Dennis (D-KS)
Murphy, Christopher (D-CT)
Neal, Richard (D-MA)
Pascrell, Bill (D-NJ)
Perriello, Tom (D-VA)
Pitts, Joseph (R-PA)
Roe, Phil (R-TN)
Rothman, Steven (D-NJ)
Ryan, Tim (D-OH)
Sarbanes, John (D-MD)
Slaughter, Louise M (D-NY)
Sires, Albio (D-NJ)
Terry, Lee (R-NE)
Wittman, Robert (R-VA)

www.aamc.org/camc
Dates to Watch

- **November 30, 2010** – Expiration of SGR patch, unemployment extension
- **December 3, 2010** – Debt Commission report
- **Dec 18, 2010** – Current continuing appropriations law expires
- **Dec 31, 2010** – Expiration of SGR patch
- **Jan 1, 2011** – Federal tax rate to increase, reverting to pre-2001 levels
- **Jan 3, 2011** – 112th members’ terms begin (swearing in ~ Jan 4-5)
- **January (late) 2011** – President’s State of Union
- **Feb 7, 2011** – President required to submit his annual budget
- **February 2012** – Iowa caucuses and NH presidential primaries