

PROFESSION



Dermatologists Cyndi Yag-Howard, MD, (at left) and Jessica Krant, MD, were among delegates voting on reports and resolutions on Nov. 12 at the AMA's Interim Meeting in Hawaii. The House of Delegates will finish conducting business on Nov. 13. [Photo by Luci Pemoni / AP Images for American Medical News]

AMA adopts principles to govern possible Medicare switch to a defined-contribution system

At the closing session, the House of Delegates also adopts policy that outlines what constitutes team-based care.

By **CHARLES FIEGL** and **KEVIN B. O'REILLY**, amednews staff. *Posted Nov. 13, 2012.*

Editor's note: This article, which originally ran under the headline "AMA supports defined contribution for Medicare financing," has been corrected to accurately reflect the action of the AMA house.

Honolulu With the Medicare program facing an uncertain financial future, the American Medical Association adopted principles necessary to operate a defined-contribution system. The move is intended to give patients more insurance plan options while maintaining affordability for low-income and chronically ill beneficiaries. However, the house action was not an endorsement of defined-contribution financing for Medicare.

At the AMA Interim Meeting on Nov. 13, the House of Delegates approved a Council on Medical Service report and recommendations that call for preserving traditional Medicare as an option for seniors, who also would have HMOs, PPOs and high-deductible plans paired with health savings accounts as coverage choices. The position builds on existing AMA policy, said Donna Sweet, MD, the council's chair and an internist from Wichita, Kan.

Medicare is going bankrupt, said Daniel H. Johnson Jr., MD, a former AMA president and a diagnostic radiologist in Metairie, La. He said he spoke in favor of the defined-contribution approach because it allows for new ideas and innovations without being tied to a delivery system or financial mechanism that mandates certain benefits.

"It opens up the playing field for all kinds of ideas to compete with one another for the favor of the selection by the patient," Dr. Johnson said. "Why not give patients the choice?"

The new policy says beneficiaries should have the ability to use a set federal subsidy to purchase coverage from competing health insurance plans. It also stipulates that health insurance coverage should be affordable for all beneficiaries by allowing annual updates to the defined contribution amount. Lower-income and sicker patients would receive larger subsidies to purchase insurance.

Contribution amounts would be adjusted annually to reflect changes in health care costs and insurance fees. The report also called for mechanisms to continue financing graduate medical education.

Current Medicare structure does not effectively protect patients against high out-of-pocket costs, the council report said. Nine of 10 beneficiaries have supplemental coverage.

Some physicians warned of the unintended consequences of moving to a defined-contribution system. Medicare currently is a defined-benefit program, but switching to defined contribution could interfere with the ability to engage with patients, said Glen Stream, MD, of Spokane, Wash., board chair of the American Academy of Family Physicians.

“More patients will be more likely to choose high-deductible plans and less likely to avail themselves to necessary preventive and wellness services, as well as care for chronic conditions and illness,” Dr. Stream said in reference committee testimony Nov. 11.

The AMA will continue to study a defined-contribution plan. Delegates agreed to explore the effects of a transition on federal spending and access to care.

Team-base care principles created

Delegates approved recommendations in a report addressing the need for interprofessional team-based care. The new policy, also adopted on the last day of business at the Interim Meeting, define what constitutes team-based care. A physician-led team works with each health professional on staff, along with patients and their families, to achieve coordinated and high-quality care, the policy states.

The principles for team-based care say physicians and other health professionals should make clear their team’s mission and values. The team also should be accountable for clinical care, quality improvement, efficiency of care and continuing education.

Delegates also voted to work with state and specialty medical societies to advocate for expanding Medicaid eligibility to 133% of the federal poverty level. The AMA would work to broaden coverage only when invited by a state group that represents physicians, the policy states.

Autonomy protections articulated for employed physicians

Furthering the AMA’s previously stated goal to be “the lead association for employed physicians,” the house adopted policy outlining principles for physician employment that seek to protect doctors’ autonomy and put patient welfare ahead of employers’ interests. The principles were adopted Nov. 12 along with other policies.

The adopted employment principles were contained in an AMA Board of Trustees report that spelled out guidelines on conflicts of interest, contracting, peer review and other matters affecting employed physicians.

One example of a conflict is when a health care organization requires or pressures its employed doctors to send referrals within the hospital or health system. The new policy says such practices should be disclosed to patients.

“We hope this will provide broad guidance for physicians and their employers as they strive to provide high-quality, cost-efficient care,” said William E. Kobler, MD, a member of the AMA Board of Trustees who presented the report in reference committee testimony. He is a family physician in Rockford, Ill.

The house directed the AMA to disseminate the principles among graduating residents and fellows, and advocate for adoption of the guidelines by trade groups representing hospitals and medical groups.

AMA to study corporate practice of medicine

Delegates voted on two other items related to the direction of medical care by nonphysicians.

First, they asked the AMA to study the evolving “corporate practice of medicine” — that is, when physicians are employed by nonphysician-run organizations — and see how it affects the patient-physician relationship, patient-centered care and related issues.

Second, delegates referred for study the question of whether the AMA should adopt the principle that doctors’ employment or contractual status should not affect their ability to hold medical staff leadership positions or participate in self-governance.

The house also clarified the AMA’s ethical guidance on continuing medical education. The modified position urges physicians to “decline any subsidy offered by a commercial entity other than the physician’s employer to compensate the physician for time spent or expenses of participating in a CME activity.”

Automatic budget cuts targeted

The house directed the AMA to develop a fiscally responsible alternative that would prevent the automatic budget sequestration cuts that would reduce Medicare payment rates next year.

Federal law mandates future budget deficits to be cut by roughly \$1 trillion from 2013 to 2022. Congress and President Obama agreed to reduce spending across the board during 2011 negotiations to raise the federal debt ceiling. Medicaid and Social Security are protected from cuts, but Medicare payments are not, and pay would be lowered by 2% for physician services.

The sequestration of federal health programs is not just limited to Medicare, said Cranston, R.I., internist Yul D. Ejnes, MD, a delegate for the American College of Physicians. The budget mechanism will affect federal drug safety programs, physician work force growth initiatives and care to dependents of military personnel.

“Given the broad scope of sequestration and its impact on our patients and the work we do, we thought it was important to submit this resolution to get the message out in a timely manner to the Congress,” Dr. Ejnes said.

Delegates also adopted policy urging the Centers for Medicare & Medicaid Services to repay physicians for time and other costs associated with appealing an incorrect recovery audit contractor determination. Physicians get audited, but they have high rates of success when appealing demands for repayment.

In 2010, the AMA found that physicians and other health professionals won 46% of the 8,449 audit claims appealed in 2010. Those Medicare payments totaled \$2.6 million.

The recovery audit process is an administrative nightmare for hospitals and physicians, said Los Alamitos, Calif., internist Mervyn Zwilling, MD, an alternate delegate from the California Medical Assn. She told delegates about a physician in Orange

Marcy Zwelling, MD, an alternate delegate from the California Medical Assn. She told delegates about a physician in Orange County whose audit involved a lengthy medical records request seeking large overpayments.

“After days and weeks of complete terror, she was told she owed Medicare \$16,” Dr. Zwelling said. “She, of course, was not reimbursed for her time. We think if they’re actually going to do these audits that they prove there is a problem.”

Elimination of ICD-10 demanded

CMS should stop its planned use of the new diagnosis coding set ICD-10, delegates said. The policy states that the AMA immediately reiterate to CMS that the physician reporting burdens imposed by ICD-10 will force many small practices out of business. That message will be sent to all in Congress and displayed prominently on the AMA website.

CMS requires that ICD-10 will be the new standard to use for billing Medicare physician services starting Oct. 1, 2014. The coding set contains 68,000 codes, while the current standard ICD-9 has roughly 13,000.

The AMA must continue to communicate to CMS about the burdens that ICD-10 implementation places on doctors, said W. Jeff Terry, MD, a delegate for the Medical Assn. of the State of Alabama and a urologist in Mobile.

“If we lose this fight, the doctors need to know we went to battle for them,” he said.

Immunization mandate approved

For the first time, the house backed an immunization mandate that applies to health professionals. Delegates voted to support mandatory, annual influenza vaccination for physicians and any other workers who have direct contact with patients in long-term-care settings.

“Many health care organizations now have mandatory immunization,” said Eric Tangalos, MD, a delegate from Rochester, Minn., speaking on behalf of the American Medical Directors Assn., which proposed the policy. “It saves lives, saves money and keeps people on the job. And with regard to [this resolution], we’re talking about protecting the most frail, most vulnerable population of patients.”

Delegates also voted to expand the J-1 visa waiver program from 30 slots per state to 50 slots per state.

In addition, the house adopted policy directing the AMA to oppose cuts in federal funding for graduate medical education that would lead to the closure of residency programs or the dismissal of residents from current positions. “There’s a big concern that the government is not going to continue children’s hospital GME funding,” said Thomas McInerney, MD, a delegate for the American Academy of Pediatrics from Rochester, N.Y. “Children’s hospitals train the majority of pediatrics residents and fellows. So we’re very much in support of this resolution that we not dismiss residents and fellows from training.”

Concerns about drug compounding

In the wake of sterility lapses at the Framingham, Mass.-based New England Compounding Center that led to a fungal meningitis outbreak killing more than 30 and sickening several hundred nationwide, the house took action aimed at ensuring the safety of compounded medications. Delegates directed the AMA to monitor ongoing state and federal investigations of compounding pharmacies and encourage any new regulations needed to ensure patient safety.

The house also adopted a Council on Science and Public Health Report on so-called next-generation genomic sequencing. An entire individual genome now can be sequenced within days, and the cost is expected to fall below \$1,000 in the near future, the report said.

Delegates adopted policy encouraging the development of standards for the appropriate clinical use of these genomic technologies and best practices for the laboratories performing the tests. The AMA also will support regulatory policy to enable physician use of next-generation sequencing and protect patient confidentiality.

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