

SUMMARY
April 28 Senate Finance Committee Report,
Transforming the Health Care Delivery System: Proposals to Improve
Patient Care and Reduce Health Care Costs
(based on news reports)
April 29, 2009

The proposal aims to increase the number of primary care physicians, reduce hospital readmission rates, increase transparency, overhaul Medicare Advantage plan payments and create quality benchmarks for physicians and hospitals. Under the proposal, primary care physicians who treat Medicare beneficiaries would receive a 5% payment increase, while payments to specialists would be reduced. General surgeons in rural areas also would be eligible for the 5% bonuses. The committee is still looking for a way to permanently fix the Medicare reimbursement formula for physicians that leads to annual payment cuts that Congress must halt each year. Two possible solutions that both include a 1% increase in payments and then a freeze on Medicare physician payments through 2012

The senators also suggest that Medicare reimbursements to hospitals be based on quality-of-care measures for conditions such as heart attacks, heart failure, pneumonia and surgical care, with hospitals that meet or exceed quality standards receiving bonus payments. In addition, they suggest withholding up to 20% of reimbursements to hospitals that have high readmission rates of patients with chronic conditions. According to the proposal, MA plans should be required to bid competitively to reduce payments, or plan payments should be cut by either basing them on a combination of federal and local Medicare spending, or a mix of across-the-board reductions or decreases in the highest spending areas

Another proposal included in the document is the establishment of an independent institute governed by a "multi-stakeholder board" to conduct comparative effectiveness research for medical treatments and procedures, which would be funded in part by a tax on private insurance companies. According to the document, the research institute should be "prohibited from issuing medical practice recommendations or from making reimbursement or coverage decisions or recommendations"

The American Hospital Association is in Washington, DC this week for a conference and its leadership has outlined several areas of concern to their members in relation to health care reform, they are:

- ◆ A public plan option, which hospitals fear could lead to reduced reimbursement rates;
- ◆ The establishment of a federal health board that would dictate what treatments would be covered;
- ◆ "Bundle" payments to physicians, hospitals and other health care providers to pay a single fee for treating a condition; and
- ◆ Cuts in Medicare reimbursements for treatment required when beneficiaries are readmitted to the hospital for the same condition.