DENVER MEDICAL BULLETIN

Official Publication of The Denver Medical Society

Volume 102/Number 5 May 2012

Medicare To Tie Doctors' Pay To Quality, Cost of Care

Twenty thousand physicians in four Midwest states received a glimpse into their financial future last month. Landing in their e-mail inboxes were links to reports from Medicare showing the amount their patients cost on average as well as the quality of the care they provided. The reports also showed how Medicare spending on each doctor's patients compared to their local peers in Kansas, Iowa, Missouri and Nebraska.

The "resource use" reports, which Medicare plans to eventually provide to doctors nationwide, are one of the most visible phases of the government's effort to figure out how to enact a complex, delicate and little-noticed provision of the 2010 health care law: paying more to doctors who provide quality care at lower cost to Medicare, and reducing payments to physicians who run up Medicare's costs without better results.

Making providers routinely pay attention to cost and quality is widely viewed as crucial if the country is going to rein in its health care spending, which amounts to more than $2.5 trillion a year. It's also key to keeping Medicare solvent. Efforts have already begun to change the way Medicare pays hospitals, physicians and other providers who agree to work together in new alliances known as "accountable care organizations." This fall, the federal health program for 47 million seniors and disabled people also is adjusting hospital payments based on quality of care, and it plans to take cost into account as early as next year.

But applying these same precepts to doctors is much more difficult, experts agree. Doctors see far fewer patients than do hospitals, so making statistically accurate assessments of doctors' care is much harder. Comparing specialists is tricky, since some focus on particular kinds of patients that tend to be more costly.

Plus, properly assessing how a doctor affects costs must include not just the specific services she directly provides, but also care other providers may give, either because the patient was referred to them or because the original doctor didn't take the right preventive steps to avoid more expensive treatments later on. And without properly adjusting for patients' health problems, paying bonuses to physicians who use fewer Medicare resources might encourage doctors to stint on care or shun patients with expensive-to-treat ailments.

"It may be the most difficult measurement challenge in the whole world of value-based purchasing," said Dr. Donald Berwick, the former administrator of the federal Centers for Medicare & Medicaid Services, or CMS. "We do have to be cautious in this case. It could lead to levels of gaming and misunderstanding and incorrect signals to physicians that might not be best for everyone."

Dr. Michael Kitchell, a neurologist and chairman of the board at the McFarland Clinic in Ames, Iowa, one of the state's biggest multi-specialist practices, predicted the Medicare reports "will be a huge surprise to almost every physician." That's because the calculations of how much those doctors' patients cost Medicare include not just the services of the individual doctor but of all the doctors that provided any treatment to the patient. Kitchell said his own patients saw on average 13 other physicians besides himself.

"You're a victim or a beneficiary of your medical neighborhood," Kitchell said. "If the primary care doctors are doing the preventative screening test, you'll get credit for that, but if you're in a community where the community doctors are doing a poor job, you're going to look bad."

Medicare officials are trying to refine the way they judge doctors as they follow the health care law's directive to phase in the new payment system, called a Physician Value-Based Payment Modifier, starting in 2015. It will initially apply only to physician groups and some specialists selected by the government, but by 2017 the payment change is supposed to apply to most if not all doctors.

DMS Meetings of Note—Pages 3 and 5

The assessment "is a very important change we're putting into place, one where we're going to need a lot of feedback and deliberation," said Jonathan Blum, CMS' deputy administrator. "We're not blind to the challenges that are coming toward us."

Although the program is still being devised, it will become reality for many doctors starting in January, because CMS plans to base the 2015 bonuses or penalties on what happens to a doctor's patients during 2013.

As the nation's biggest insurer, Medicare's adoption of this approach would be "a game changer" in terms of making physicians directly accountable for costs, said Anders Gilberg, senior vice president at the Medical Group Management Association, which represents physicians groups. Medicare is "going to be shifting money from…physicians who are deemed to be high cost relative to their peers to low-cost physicians. That's going to create all kinds of new incentives in fee-for-service."

Private insurers may follow Medicare's lead, said Paul Ginsburg, president of the Center for Studying Health System Change, a Washington think tank. The formula Medicare ultimately designs to judge and pay doctors, Ginsburg said, could become "a valuable asset for private insurers, with a tool that will be somewhat bulletproof, that physicians won't attack because they've been part of the process of developing them."

But getting physician support may not be so easy, said Margaret O'Kane, president of the National Committee for Quality Assurance, a nonprofit in Washington. "Doctors are a very powerful political segment," she said. In addition, she added, "Patients are not behind this agenda. The public is very scared about managing costs."

In the reports, Medicare measures the average payments it made for each doctor's patients, as well as subgroups of patients with common chronic conditions, such as chronic obstructive pulmonary disease, diabetes and heart failure. Medicare adjusts the costs to take into account differences in patients' age, gender, poverty and history of medical conditions.

For the resource reports, CMS has come up with a preliminary method to determine how central a role a doctor played in a patient's care. If a doctor was responsible for at least 35 percent of a patient's evaluation and management services, they are presumed to have "directed" the beneficiary's care. If they didn't direct the care but accounted for at least 20 percent of the physician fees billed for the beneficiary, they are considered to have "influenced" the care. And if they did less than that, they are considered to have "contributed" to the care.

But that method is widely considered so crude that few expect CMS will ultimately use it in payment. CMS is trying to develop more refined methods to compare physicians' parsimony or extravagance with Medicare dollars using software programs called "episode groupers." These programs determine the combined cost for all the services—including doctors, labs, hospitals and pharmaceuticals—that were used to treat a distinct medical situation, such as urinary tract infection or hypertension attack, over a set period of time.

Initially, Medicare attempted to use existing programs devised by commercial insurers but found they didn't work with Medicare data, according to a report from the General Accounting Office. "It is not clear that all the problems identified with the commercial groupers can be solved by a Medicare specific grouper and the timeline for its development is challenging," the report said.

Dana Gelb Safran, who oversees quality measurement for Blue Cross Blue Shield of Massachusetts, says she doubts it will be possible for the government to judge individual doctors. She predicts CMS will ultimately have to find ways to evaluate doctors as parts of groups—either formal affiliations as part of group practices or informal affiliations among doctors who refer to each other.

"There really are very few measures that we can reliably evaluate on the individual doctor level," she said. "When they move forward with the value-based modifier, there is going to have to somehow allow physicians to identify other physicians with whom they say they practice and who they say they share clinical risk for performance."

This story was written by Jordan Rau, Kaiser Health News Staff Writer and produced in collaboration with The Washington Post. *This article was reprinted from kaiserhealthnews.org with permission from the Henry J. Kaiser Family Foundation. Kaiser Health News, an editorially independent news service, is a program of the Kaiser Family Foundation, a nonpartisan health care policy research organization unaffiliated with Kaiser Permanente.*

***Denver Medical Bulletin**: Lucy W. Loomis, MD, DMS President and Publisher / Naomi M. Fieman, MD, Chair of the Board / Curtis L. Hagedorn, MD, President Elect / Aris M. Sophocles, Jr., MD, JD, Treasurer / Kathy Lindquist-Kleissler, Executive Director / Barbara Kamerling, Program Director. The **Bulletin** is the official publication of the Denver Medical Society, established April 11, 1871, as the first medical society in the Rocky Mountain West. Published articles represent the opinions of the authors and do not necessarily represent the official policy of the Denver Medical Society. All correspondence concerning editorial content, news items, advertising and subscriptions should be sent to: The Editor, **Denver Medical Bulletin**, 1850 Williams Street, Denver, CO 80218. Phone (303) 377-1850. Fax (303) 331-9839. web www.denvermedsociety.org. Email: info@denvermedsociety.org. Postmaster: Send address changes to 1850 Williams Street.*

UPCOMING DMS MEETINGS

Denver Medical Society Membership Meeting

Electronic Health Record Implementation – The Reality Show

Thursday, May 17, 2012—6:00 PM Beer & Wine; 6:30 – 7:00 Dinner; 7:00 – 8:30 Program, Q & A
Denver Medical Society, 1850 Williams Street, Denver

A panel of your practicing colleagues will share their experiences in implementing their electronic health record systems. Hear them discuss the joy of victory and the agony of implementation. Questions are encouraged, as this program is designed to help you.

Naomi Fieman, MD, Allergist, solo practice

Curtis Hagedorn, MD, Retinal Surgeon, large, geographically diverse group practice

Larry M. Plunkett, MD, Internist, small group practice

RSVP to denmedsoc@aol.com or call 303-377-1850.

DMS thanks THE DOCTORS COMPANY *for their generous support of this program.*

****

The Colorado Medicare Experts/Senior Access (M.E.S.A.) Initiative Workshop

Thursday, May 24 -- 5:30 PM Cocktails & Networking; 6:00-7:30 PM Dinner and Presentation
Denver Medical Society, 1850 Williams Street, Denver

The Colorado M.E.S.A. Initiative delivers practical advice for primary care providers and their office teams who see seniors. Our goal is to help make it easier and more rewarding for you to provide greater access to quality care for Colorado seniors. **The workshop will be taught by Donald Murphy, MD,** a practicing board-certified geriatrician and Practice Group Leader of Senior Care of Colorado.
1.5 AMA PRA Category I Credits™ available*

This workshop is funded through grants from the Colorado Health Foundation, the Kaiser Permanente Foundation, and Caring for Colorado. There is NO COST to participate.

RSVP by phone to 303-306-4306, by email to LHartwell@ColoradoMESA.org, or use this link:
https://events.r20.constantcontact.com/register/eventReg?oeidk=a07e5plusgj4b6c5a2a&oseq=

**Jointly sponsored by HealthONE CME, Senior Care of Colorado, and the Alzheimer's Association Colorado Chapter, this activity has been designed specifically to meet the educational needs of primary care providers involved in the care of senior patients and their office staffs. This activity has been planned and implemented in accordance with the Essential Areas and policies of the Accreditation Council for Continuing Medical Education through the joint sponsorship of HealthONE CME, Senior Care of Colorado, and the Alzheimer's Association Colorado Chapter. HealthONE CME is accredited by the ACCME to provide continuing medical education for physicians. HealthONE CME designates this Live activity for a maximum of 1.5 AMA PRA Category I Credits™. Physicians should claim only the credit commensurate with the extent of their participation in the activity.*

Upcoming Meetings continued on page 5. See 2011 Community Health Assessment for Denver.


1899
Proudly protecting physicians since 1899
STABILITY MATTERS
If there is one thing to learn from the recent financial turmoil, knowing who to trust is paramount.
For over 110 years, Medical Protective, a proud member of Warren Buffett's Berkshire Hathaway, has always believed that to provide our healthcare providers the best defense in the nation, our financial stability needs to be rock-solid, stronger than any other company. That commitment and approach has resulted in MedPro receiving higher ratings from A.M. Best and S&P than any other carrier in the healthcare liability industry.
Proudly serving Denver-area doctors.
Contact us today for a medmal insurance check-up and a FREE, no-obligation quote:
Call 800-4MEDPRO, email experts@medpro.com or visit www.medpro.com.
MEDICAL PROTECTIVE
Strength. Defense. Solutions. Since 1899.
a Berkshire Hathaway Company
2012
All products are underwritten by either The Medical Protective Company® or National Fire and Marine Insurance Company,® members of the Berkshire Hathaway group of businesses. Product availability varies based upon business and regulatory approval and differs between Companies. ©2012 The Medical Protective Company.® All Rights Reserved.

U.S. Army Medical Department Medical Advisory Board

By Michael L. Lepore, MD, Col. Retired USA, Past President DMS

As a former member of the U.S. Army Medical Department, I was asked to represent the DMS at a grassroots meeting conducted by the U.S. Army Medical Department. The Metropolitan Denver Dental Society has graciously permitted the Army Medical Department to use their facility to conduct their meetings.

As most of you probably are aware, the U.S. Army, as are other military service branches, is constantly recruiting for qualified individuals who would like to serve their country. The purpose of these grassroots meetings is to develop strategies concerning the recruitment process in the State of Colorado.

Lt. Col. Erica Clarkson is the Commander of the 6th Medical Recruiting Battalion and organizer of these meetings. Her responsibility is for Army Medical Recruitment in Colorado and surrounding states. The Army Medical Department's interest is not only to recruit physicians, dentists, oral maxillofacial surgeons, and nurses, but also to recruit other allied health care providers and researchers in the science and medical fields.

At our first meeting Sept. 28, 2011, our keynote speaker was Maj. Gen. Stephen Jones, who gave an excellent presentation to the group on the advances in medicine the Army is currently involved with as a result of the wars in both Afghanistan and Iraq. He also demonstrated new health care pilot projects that are now being gradually phased in at military hospitals throughout the United States as a result of their work at the new Walter Reed Regional Medical Facility in Bethesda, MD, providing state of the art care to our wounded military. The most exciting areas are the treatment of traumatic brain injuries and the rehabilitation of traumatic amputees.

The members present at these meetings were either former active duty members of the medical department or reservists, current and former. The following were present: Mark R. Anderson, PhD, and Charles Ferguson, PhD, University of Colorado; Philip B. Danielson, PhD, Daniel Linseman, PhD, and Lawrence J. Berliner, PhD, University of Denver; Robert House, MD, Denver Health Medical Center; Adam R. Liberman, DMD; Elizabeth A. Price, MBA, CAE, CDE, Metropolitan Dental Society; Kenneth LeBianc, Director of Physician Recruitment and Contracting for Centura Health Physician Group; George G. Gatseos, II, DDS, CU School of Dental Medicine; Frederick M. Karrer, MD, Pediatric Surgery, The Children's Hospital.

Also present were Capt. Cameron Richardson, Company Commander, U.S. Army Medical Recruiting and Sgt. First Class Gurmeet S. Grewal, Station Commander, U.S. Army Medical Recruiting Station.

Our next meeting is scheduled for June 11, 2012, at 6 PM. Anyone who would like at attend this meeting please notify Cameron L. Richardson at Cameron.richardson@usarec.army.mil.

2011 Community Health Assessment for Denver

Wednesday, May 23, 2012—12:00–1:00 PM Lunch and Presentation
Russell Pavilion, Sterne Elder Auditorium, Exempla-St. Joseph Hospital, 1835 Franklin Street, Denver

OR

Tuesday, June 19th, 2012—12:00–1:00 PM Lunch and Presentation
Learning Center 4/5, Exempla-Lutheran Medical Center, 3800 W. 38th Ave., Wheat Ridge

Presented by, William J. Burman, MD, Director, Denver Public Health

Knowledge of local conditions is critical in designing effective interventions for health problems. Learn about Denver's most common causes of death, its most important disparities in health outcomes, and both the worrisome and the positive health outcome trends. ***1 AMA PRA Category 1 Credits™ available****

RSVP to danburya@exempla.org or 303-837-6508.

*Exempla Healthcare is accredited by the Colorado Medical Society to provide continuing medical education to physicians. Exempla Healthcare designates this live educational activity for a maximum of **1 AMA PRA *Category 1 Credits™*.** Physicians should claim the credit commensurate with the extent of their participation in the activity.

Even though HHS proposed a one year delay in implementation of ICD-10 (to October 2014), don't stop planning and preparing. Stay on track by attending the free webinars offered by the Colorado ICD-Training Coalition.

The statewide ICD-10 training coalition will make ICD-10 resources and training accessible to physicians and their staff via an organized multi-media educational campaign. Through a modular approach the coalition will provide a progressive training curriculum beginning January 2012. Each month on the third Tuesday a new program or resource will be made available to help practices prepare for the transition. A modular approach will allow practices to do much of the preparatory work now, such as project planning, impact analysis and documentation evaluation.

The coalition has established a dedicated ICD-10 Training Resource web page that will spotlight a calendar of upcoming events and archived program recordings. This page also centralizes and categorizes resources developed by the coalition and other publically available ICD-10 information. The web page is on Facebook at http://www.facebook.com/pages/Colorado-ICD-10-Training-Coalition/ 231370383609869.

For more information, contact: Marilyn Rissmiller, Colorado Medical Society
Phone: (720) 858-6328
Email: marilyn_rissmiller@cms.org

Survey Reveals Physician Pessimism

A recent survey of physicians on the Future of Health Care indicates that the anticipated shortage of health care professionals may be exacerbated by growing physician sentiment. The medical profession has been projecting a shortage for years, but the findings from this survey indicate two compounding factors. First, 43% of physician respondents indicated that they are contemplating early retirement within the next five years. Second, nine out of ten are unwilling to recommend the health care profession to family and friends. In both instances, the responses were attributed to the transformative changes occurring within America's health care system, more specifically as a result of health care reform.

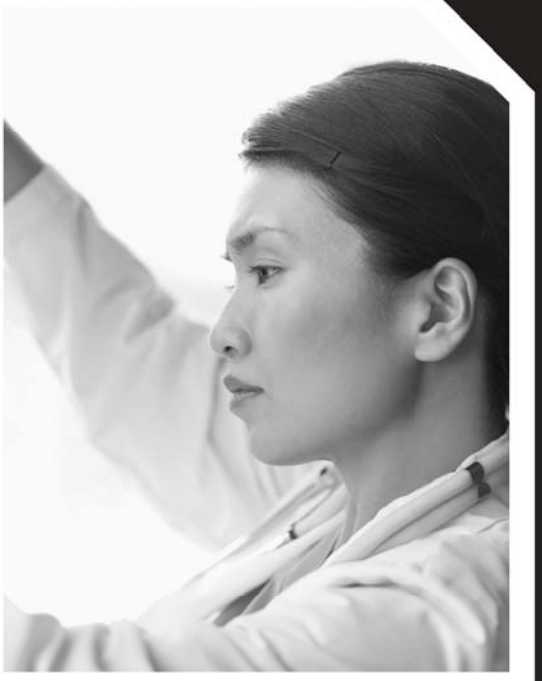
For those physicians considering early retirement, many cited the demands on their practices resulting from new legal requirements and continued reimbursement reduction as causes to inhibit practice growth, despite the anticipated influx of newly insured Americans into the health care system. In addition, 60% of respondents indicated that the pressure to reduce costs, increase volume, and improve quality will have a negative impact on patient care and how doctors practice medicine. Finally, the transformative changes that are causing practicing physicians to consider early retirement are also impacting their desire to recommend the health care profession, a career that is often viewed as a legacy being passed down from one generation to the next.

"The physician sentiments expressed in the survey are deeply concerning and disheartening," said Donald J. Palmisano, MD, JD, FACS, former AMA president and member of The Doctors Company Board of Governors. "Today, we are perilously close to a true crisis as newly insured Americans enter the health care system and our population continues to age. Unfortunately, we may be facing a shift from a 'calling,' which has been the hallmark for generations among physicians, that could threaten the next generation of health care professionals."

The survey, conducted by The Doctors Company, is the largest of its kind on the subject and includes responses from over 5,000 U.S. physicians. For more information about the study, please visit the Knowledge Center at www.thedoctors.com/future.

CONSIDER IT A HOLISTIC APPROACH TO MANAGING YOUR PRACTICE'S FINANCES.

When it comes to your patients, you don't just treat symptoms. You look at their overall health and lifestyle. And make a diagnosis based on the big picture. That's how we approach your finances. Both your personal and your practice's. Making for a healthy, wealthy and wise financial outlook.



COLORADO STATE BANK AND TRUST
THE PRIVATE BANK
LONG LIVE YOUR MONEY.™

Private Banking | Fiduciary Services | Investment Management
Wealth Advisory Services | Specialty Asset Management

Denver and Boulder Locations: 303.864.7220 | www.csbt.com

©2012 Colorado State Bank and Trust, a division of BOKF, NA. Member FDIC. Broker/Dealer Services and Securities offered by BOSC, Inc., an SEC registered investment adviser, a registered broker/dealer, member FINRA/SIPC. SEC registration does not imply a certain level of skill or training. Insurance offered by BOSC Agency, Inc., an affiliated agency. Investments and insurance are not insured by FDIC, are not deposits or other obligations of, and are not guaranteed by, any bank or bank affiliate. Investments are subject to risks, including possible loss of principal amount invested.

Good Medicine Has Its Rewards: $228 Million

13%
dividend for
Colorado
members
in 2012

We have returned $228 million to our members through our dividend program.

The 2012 dividend is made possible by the excellent claims experience of our members in Colorado. As a leading carrier in the state for more than two decades, The Doctors Company is strong. This strength allows us to deliver on our promise to defend, protect, and reward the practice of good medicine.

To learn more about The Doctors Company's medical professional liability insurance program in Colorado, including the member dividend and our endorsement from the Denver Medical Society, call Mark L. Schor of The Doctors Agency of Colorado at (800) 366-9919 or visit us at www.thedoctors.com.

THE DOCTORS COMPANY

www.thedoctors.com