Challenges the 113th Congress Faces with the Success of American Healthcare

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Learning Objectives

• Review what the new 113th Congress will face as a result of passage of HR 8: The American Taxpayer Relief Act of 2012
• Outline demographic challenges as a result of American technology and treatments
• Review the harmonic convergence of Sequestration, SGR and Pay Go on healthcare
• Highlight the challenges of the political process with public policy
American Taxpayer Relief Act of 2012

PERFORMANCE IMPROVEMENT

• Allows physicians to participate in approved clinical data registries and be able to fulfill Physician Quality Reporting System (PQRS) reporting requirements beginning in 2014
• Continued funding through 2013 for National Quality Forum
• Created Commission on Long Term Care
• HHS Sec to provide feedback in more timely manner

American Taxpayer Relief Act of 2012

EXTENSIONS (Physician)

• Continues Work Geographic Adjustments physician work floor at 1.0 thru 12/31/2013
American Taxpayer Relief Act of 2012

Avoid 26.5% physician SGR cut: (kick the can version 15 until Jan 2014 with projected cut of 30%)
- The $25.1B paid for by:
  - $10.5B from Hospital IPPS coding and documentation adjustments starting FY2014
  - $4.2B reduction in DSH payments in FY2022
  - $4.9B reduction in dialysis bundled payments
  - $4B thru reducing Mcre payment for multiple therapies on same day, coding intensity adjustments for MA plans and adjusting payments for certain imaging

American Taxpayer Relief Act of 2012

/EXTENSIONS (Hospital)

- Hospital Outpatient Therapy cap extended to 12/31/2013
- Ambulance Add-On payment for ground extended to 12/31/2013 and for air until 6/30/2013
- Medicare inpatient adjustment for low volume hospitals extended to 12/31/2013
- Medicare-Dependent hospital (MDH) program extended until 10/1/2013
American Taxpayer Relief Act of 2012

• OFFSETS
  • Documentation and Coding adjustment-phase in overpayments to hospitals as result of DRG transition
  • Rebase End Stage Renal Disease bundled payment effective 1/1/2014 to reflect changes in drug use. Oral drugs not included in bundle until 1/1/2016
  • Multiple procedures done same day reduced from 25% to 50% effective 4/1/2013

American Taxpayer Relief Act of 2012

• OFFSETS (Cont):
  • Stereotactic radiosurgery for cranial lesions (77371) decreases payment in APC 127 in OPD to that of inpatient APC 67 (G0173) effective 4/1/2013.
  • Equipment Utilization Rate for Advanced Imaging increases from 75% to 90% effective 1/1/2014
  • Diabetic test strips sold in pharmacies subject to competitive bidding equalizing payment to mail order rate effective 4/1/2013
American Taxpayer Relief Act of 2012

• **OFFSETS (cont):**
  
  • Nonemergent transport of ESRD patients reduced 10% effective 10/1/2013
  
  • Increase statute of limitation of overpayment recoupment from 3 to 5 years effective immediately
  
  • Eliminate the Medicare Improvement Fund
  
  • Repeal the Community Living Assistance Services and Support program

American Taxpayer Relief Act of 2012

• **OFFSETS:**
  
  • Rescind all unobligated Consumer Operated and Oriented Plan funds under ACA except 10% to be used as contingency fund to assist currently approved co-ops
  
  • Rebased Medicaid DSH payments to extend changes from ACA for one year
American Taxpayer Relief Act of 2012

- Sequester cuts are delayed until 3/1/2013

US Life Expectancy 1950-2050
American Healthcare Success

- Mortality rate of Acute MI (in-hospital)
  - 1965=50%
  - 2012=<2%

Top 6 Causes of Death in US

<table>
<thead>
<tr>
<th>1965</th>
<th>2010</th>
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</thead>
<tbody>
<tr>
<td>Diseases of Heart</td>
<td>Diseases of Heart</td>
</tr>
<tr>
<td>Cancer</td>
<td>Cancer</td>
</tr>
<tr>
<td>Stroke</td>
<td>Stroke</td>
</tr>
<tr>
<td>Accidents</td>
<td>Chronic Lung Disease</td>
</tr>
<tr>
<td>Influenza</td>
<td>Accidents</td>
</tr>
<tr>
<td>Diseases of Early Infancy</td>
<td>Alzheimer’s</td>
</tr>
</tbody>
</table>

Changing American Demographics

- **The Top Five Causes of Death in the United States for all ages:**

  ![Cause of Death Bar Chart](chart.png)

  **Source:** CDC/NCHS, National Vital Statistics System, Mortality

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**U.S. Population: Projections for Race and Ethnicity**

![Population Projections](chart2.png)

**Source:** U.S. Census Bureau, 2004, "U.S. Interim Projections by Age, Sex, Race, and Hispanic Origin"
Health Disparities: The Problem

- Minorities suffer disproportionately from diabetes, heart disease, HIV/AIDS, cancer, stroke and infant mortality
- Disease knows no ethnic or racial barrier
- Neither should prevention, treatment or cure
- The major cause of health disparities in America is the lack of health insurance
Texas Paying for the Uninsured

- Texas premiums 7.5% higher
- Texas spend $1,551 on higher premiums to cover uninsured who receive $4.7B in uncompensated care in Texas hospitals
- Expanding Medicaid under PPACA costs State $15.5B with Fed match of $100B over 10 years.
- Failure to accept Medicaid expansion will not result in lower healthcare premiums for Texans
US Cost of Healthcare Over Lifespan

Gray area under the curve equals 100% of all health care expenditures over a life span

Good Chronic Care Management Key to a Large Segment of Cost

22% of costs for 1% of people
3% of costs for 50% of people

SOURCE: Cornwell & Cohen, Agency for Healthcare Research and Quality, Statistical Brief #73, March 2005
Growth in Total Health Expenditure Per Capita, U.S. and Selected Countries, 1970-2008

Per Capita Spending - PPP Adjusted


Primary Care Providers in Short Supply

Active primary care physicians for every 100,000 people in each state, Jan. 2008

Percentage of medical school graduates who said they intended to go into primary health care

Source: Association of American Medical Colleges
Primary Care/Specialty Mix

- Canada: 50% Primary Care, 50% Specialists
- France: 59% Primary Care, 41% Specialists
- Singapore: 55% Primary Care, 45% Specialists
- Thailand: 49% Primary Care, 51% Specialists
- Britain: 55% Primary Care, 45% Specialists
- U.S.: 67% Primary Care, 33% Specialists

Who Can Pay Doctors and Hospitals for All Their Healthcare?

U.S. Family Income Distribution from 1959 to 2009

- Median family income
- 90th percentile
- 95th percentile
- 75th percentile
- 50th percentile
- 2011
- 2009
- 1999
- 1998
- 1997
- 1996
- 1995
- 1990
- 1985
- 1980
- 1975
- 1970
- 1965
- 1960
- 1955
- 1950

Newsweek

July 2012
## Current Economic Status of Texans vs Americans

- **Live paycheck to paycheck**: TX=52%  
  US=55%
- **No savings to cover 3 months of expenses**: TX=61%  
  US=62%
- **Educational level age 25 and older**:  
  - Less than ninth grade: TX=10.3% US=6.4%  
  - High school graduate: TX=26.2% US=29.3%  
  - Bachelor’s degree or higher: TX=25.4% US=27.5%

## PAY GO

- “Rob Peter to pay Paul”
- Keeping cuts in healthcare is zero sum game with winners and losers
- Prevents investment and innovation
The SGR Bad News

The Medicare Crisis

Practice Costs

Medicare Cuts


The Medicare Crisis

SEQUESTRATION-The Budget Control Act of 2011

- Mandated 2% cut to Medicare from 2013 to 2021
- CBO estimates impact of $10.7B in 2013 growing to $16.4B in 2021
- Cannot impact benefits but must be accomplished by reducing payments for healthcare services
Curious Federal Policies

• Created the Patient Centered Outcome Research Institute (under ACA) but the results cannot be used to create benefit design/limit coverage
• Cannot negotiate for pharmaceuticals when created Medicare Part D program (though does for DOD with unified formulary)
• Prohibits those who participate as providers in the Medicare program from balanced billing (due to 1997 BBA)

New Stuff

• FDA approved 39 drugs in 2012, the most in 16 years
• Engineers trained a quadriplegic woman to command a robotic arm with her thoughts with 92% accuracy
• Clair Lomas completed marathon though she is paralyzed with use of bionic exoskeleton
House of Representatives District Votes for US President 1992-2012

Change in US House 1880-2012
US Government Challenges

- **President:** every 4 years, 2 term max (22nd Amendment in 1951 limited terms)
- **Senate:** 1/3 elected for 6 year terms, each state has 2, (17th Amendment in 1913 allowed for direct election by voters)
- **House:** All elected every 2 years. Districts created after 10 year census. Gov Elbridge Gerry of Mass in 1812 created district like a salamandar to protect party. Patrick Henry (anti-Federalist) in 1788 drew boundary in Virginia 5th to try to keep James Madison out of Congress