

AMA's 2010 Advocacy Agenda

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Major AMA Goals for 2010

- Passage of meaningful health system reform legislation consistent with AMA policy
 - Followed by physician education, regulatory activity
- Permanent repeal of Medicare's sustainable growth rate (SGR) formula
- Other issues for 2010
 - Health IT meaningful use regulations
 - New HIPAA transaction and coding set requirements
 - Antitrust

Critical HSR Elements for AMA

- Provide health insurance coverage for all Americans
- Enact health insurance market reforms
- Assure health care decisions are made by physicians and patients, not insurers or government
- Private contracting rights without penalties
- Invest in quality improvement, prevention, wellness
- Repeal the SGR
- Implement medical liability reforms
- Reduce administrative burdens
- Modify antitrust enforcement policies

How AMA-HOD Resolution 203 Provisions Are Addressed in Current Health System Reform Legislation

Provisions of AMA-HOD Resolution 203	H.R. 3590, "Patient Protection & Affordable Care Act"	H.R. 4872, "Health Care & Education Affordability Reconciliation Act"	Comments
American Medical Association (AMA) elements of reform: <ul style="list-style-type: none"> • Cover all Americans • Expand choice, eliminate denials • Protect physician-patient relationship • Promote quality, prevention, and wellness • Repeal Medicare sustainable growth rate (SGR) • Medical liability reform • Streamline administration 			<ul style="list-style-type: none"> • Most elements substantially addressed including coverage, access, choice, administrative simplification, patient-physician decision making, prevention and wellness. • SGR pathway separate. • Persuaded administration to establish AHRQ's alternative liability reform pilot projects.
Eliminate denials for pre-existing conditions	✓	✓	<ul style="list-style-type: none"> • Prohibited in H.R. 3590. • H.R. 4872 includes existing group health plans.
Pluralism, freedom of choice, access	✓	✓	<ul style="list-style-type: none"> • H.R. 3590 creates health insurance exchange, low-income subsidies, no mandated provider participation. • H.R. 4872 enhances low-income subsidy and Medicaid payment rates for primary care.
Self-supporting, voluntary insurance options	✓		<ul style="list-style-type: none"> • Federal subsidies provided to low-income individuals to purchase coverage through exchange. • No subsidies to plans, no public option.
Private contracting	No provision	N/A	<ul style="list-style-type: none"> • The AMA has highlighted private contracting in multiple communications and forums. The legislation neither improves nor harms current practices.
Oppose Independent Payment Advisory Board (IPAB) and IPAB double-jeopardy	AMA opposed	N/A	<ul style="list-style-type: none"> • AMA recommended changes regarding double-jeopardy for physicians, projection errors, and needed spending growth not allowed in H.R. 4872 for parliamentary reasons. • AMA will pursue changes in subsequent legislation.
Oppose punitive pay reduction for failure to report quality data	AMA was able to postpone implementation of PQRI penalties for two years.	Does not address	<ul style="list-style-type: none"> • AMA opposed PQRI penalties; plan to implement penalties in 2013 moved back to 2015. • Penalty issue also likely to surface through meaningful use criteria for health IT bonuses.
Oppose outlier penalties	✓		<ul style="list-style-type: none"> • AMA succeeded in removing this provision.

AMA-Supported Elements of Passed Bill

- Expand coverage to most uninsured
 - 31 million Americans covered
- Competition enhanced through exchanges
- Insurance market reforms
 - Limits on coverage for pre-existing conditions, lifetime benefit caps, guaranteed issue, insurer transparency
- Administrative simplifications
- Investment in comparative effectiveness research
- Investments in prevention and wellness

Senate Bill Improvements

- 5% payment reduction for high-resource use outliers eliminated
- Medicare/ Medicaid enrollment fee for physicians eliminated
- PQRI penalties postponed 3 years
- Budget neutrality offset for primary care bonus payments eliminated
- Cosmetic surgery tax dropped
- Medicare buy-in proposal for uninsured aged 55-64 stopped

Top Tier AMA Concerns Remaining

- Independent Payment Advisory Board
 - Double-jeopardy for physicians, equitable application across providers, transparent process, Congressional accountability, flexibility
- Cost-quality value index
- Data disclosure
- Medical liability

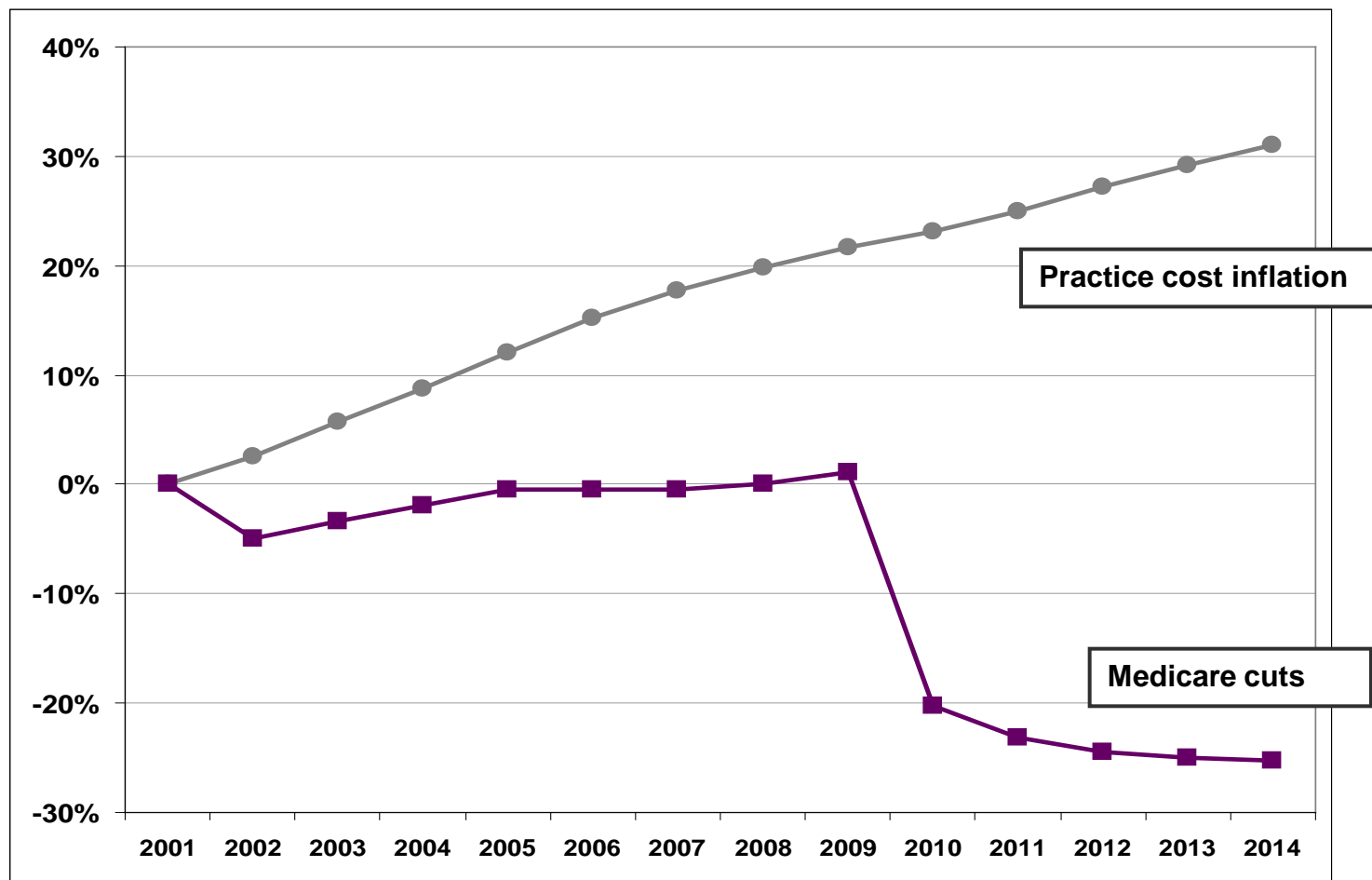
Observations

- AMA Board aware of widespread physician concerns
- There will be opportunities for improvements
 - House leaders share top tier concerns
- Bottom line consideration rooted in ethics
- Can't lose sight of the problems driving reform
 - 46 million uninsured, comparable to total Medicare enrollment
 - Escalating premiums that make insurance unaffordable and raise employer costs
 - Insurers implementing quality improvement and provider ranking programs
 - Health care costs consuming federal and state budgets
- Absent comprehensive reform, we risk returning to health care policy being dictated solely by budget imperatives
 - Price controls vs. policy innovations

Eliminating the SGR

- One of AMA's essential elements of health system reform
 - Consistently opposed another short-term fix
- Legislation passed in December, March provided reprieve from 21% cut
 - Expires April 1
 - Legislation passed by House extends to May 1
- Medicine must be united on permanent repeal
 - This is not a partisan issue
 - It affects all specialties, all physicians
 - The budgetary cost will only grow if repeal is postponed again

Gap Between Medicare Payment Updates and Practice Cost Increases



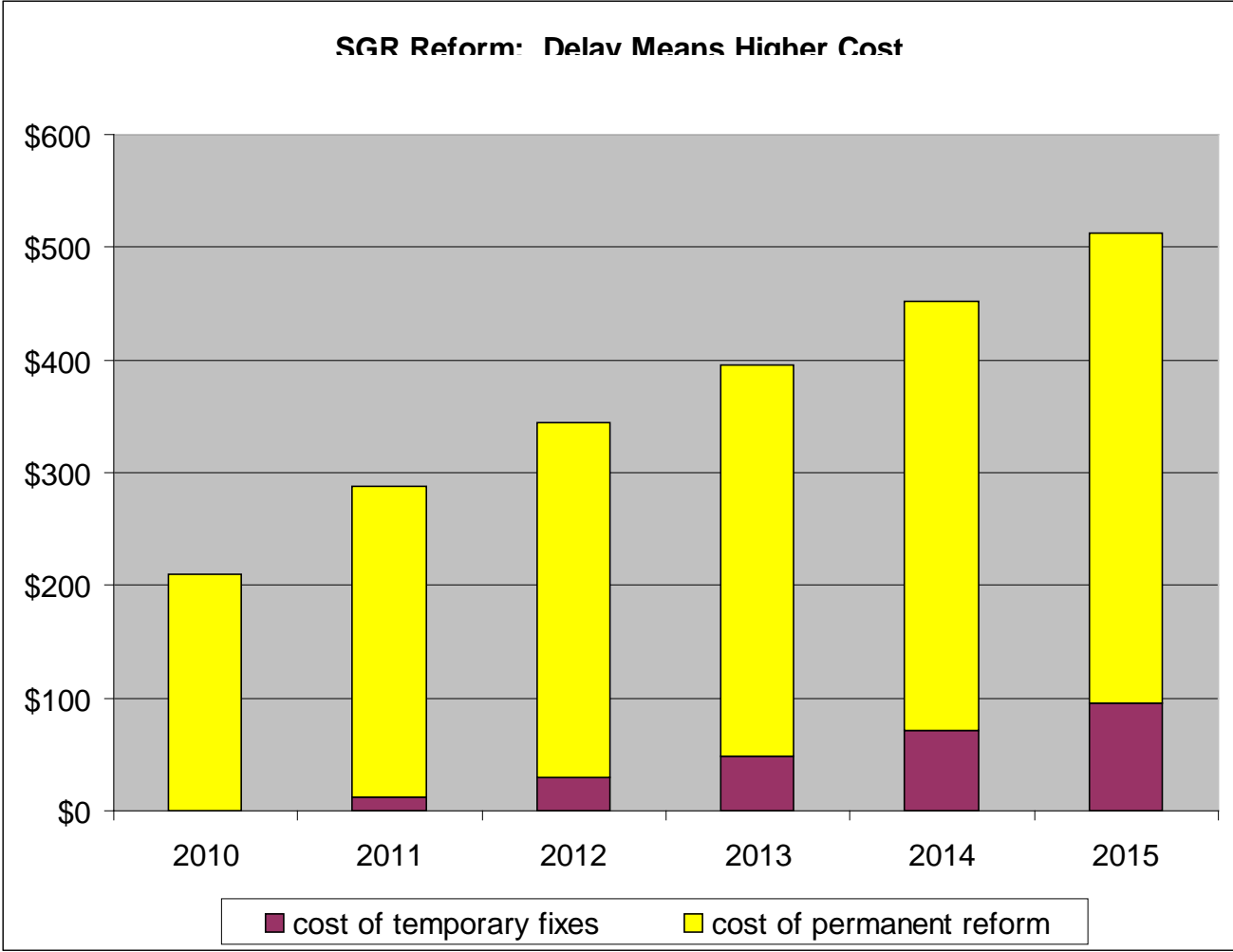
Physician practice cost inflation data from 2009 Medicare Trustees report. Medicare physician payment cut projections are AMA analysis of CBO cost estimates. Prepared by American Medical Association, Division of Economic and Health Policy Research, January 2010.

Growing Cost of Short-Term Solutions

Date of CBO Score	Freeze – 10 Year Score	MEI – 10 Year Score
February 28, 2002	-----	\$126 billion (based upon 2001 and 2002 MedPAC recommendation)
May 5, 2004	-----	\$95 billion
March 24, 2005	\$48.6 billion	\$154.5 billion
March 24, 2006	\$127.2 billion	\$218.2 billion
January 2007	\$170.8 billion	\$252.2 billion
March 2007	\$177.7 billion	\$262.1 billion
March 14, 2008	\$220.1 billion	\$288.1 billion
May 7, 2009	\$285 billion	\$344 billion

***After drugs were eliminated from SGR, freeze dropped to \$210 billion**

SGR Reform: Delay Means More Cuts



SGR Message

- Congress must honor its commitment to seniors and military families
 - They are worried about losing access and choice of physician
- No more short-term fixes that increase the cuts and grow the cost of reform
- Health system improvement goals cannot be achieved on the back of a broken Medicare program

Regulatory Issues

- Health IT regulations
 - Physicians worry about aggressive timelines, flexibility, whether vendors can get products certified, whether “certified” means product works
- Implementation of ICD-10
 - Burden on physicians underappreciated; need single “crosswalk”
- Antitrust
 - Need to ease guidelines for clinical integration
- www.ama-assn.org/go/regrelief

