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Accountable Care Organizations—What's next?

The Obama administration has high digital expectations for primary care physicians who want to form accountable care organizations (ACOs), a creation of the new healthcare reform law designed to reward Medicare providers for coordinated patient care.

The idea behind ACOs is that if they can save Medicare money by efficiently managing chronically ill patients and meeting 65 quality standards in the process they ought to share in some of the savings on top of their usual Medicare fees.

ACOs consist of physicians, hospitals, and other providers in various combinations—a hospital and its employed physicians, a hospital allied with independent primary care practices, or a network of primary care practices. Because the Affordable Care Act puts primary care at the center of ACOs, specialty medical practices cannot be ACO founders, according to CMS Administrator Donald Berwick, MD.

To reap a reward for cost-effectiveness, an ACO must come under what Medicare would normally spend for hospital and medical care for a given set of patients. The ACO would receive a percentage of the savings under 1 of 2 "risk models" set forth in the proposed rules.

In the 1-sided risk model, the ACO shares in any savings for the first two years of a three-year contract. In the third year, it risks losing money as well if the cost of its patient care exceeds the Medicare norm. In the two-sided risk model, the ACO stands to either make money or lose money all three years.

However, ACOs that assume more risk—presumably organizations with more managed care experience—are entitled to a bigger share of savings. In

contrast, the less risky model is designed for organizations still learning the ropes of population-based medicine and care coordination.

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To prevent ACOs from cutting clinical corners to reduce their costs, the proposed regulations require these organizations to meet or exceed 65 quality metrics before any savings are shared. The measures cover five broad categories: patient satisfaction, care coordination, patient safety, preventive health, and care for the frail elderly and patients with various chronic illnesses. In the same vein, ACOs cannot attempt to reduce costs by avoiding sicker patients.

CMS will be accepting comments until June 6 on how to improve the proposed regulations for ACOs, giving organized medicine time to digest them.

More information about ACOs is available on the federal Web site Health-Care.gov.

Your Editorial Review Board shares with you the above article so you can take action as you see fit. Opinions and articles in the newsletter are those of the writer and do not necessarily reflect the opinion of the Editorial Review Board, Philadelphia Medicine or the Philadelphia County Medical Society.

PCMS NEWS

The Philadelphia County Medical Society invites you to a Town Hall Meeting

ACO or Primary Care Redefined— Your Opportunity To Be Part of Transforming Healthcare

Wednesday, May 18, 2011
7:00 – 8:30 PM

The Philadelphia County
Medical Society
2100 Spring Garden Street
Philadelphia, PA
(free parking)

Are you ready for the impact on your practice from ACOs?

PCMS will host a town hall meeting to address what these proposed Medicare ACO rules will mean to solo primary care physicians and small medical groups.

Dr. Barbara Connors, Chief Medical Officer from Centers for Medicare and Medicaid Services, Region III, will be on hand to outline the major provisions of the CMS proposed rules, followed by a discussion on the physicians' role and what resources might be developed to organize a successful ACO.

No fee to attend, but all participants must register by Monday, May 9, 2011.

Space is limited.

RSVP: 215-563-5343, Ext. 113

PCMS President's Installation
and Awards Night
Celebrating the Inauguration of
Lynn M. Lucas-Fehm, MD, JD
as the 150th President of
The Philadelphia County
Medical Society

Saturday, June 11, 2011

Ace Center (formerly Eagle Lodge)
800 Ridge Pike, Lafayette Hill, PA
Art Exhibit and Reception 5:30 PM

Dinner/Program 7:00 PM

Reservations 215-563-5343, Ext. 113

Philadelphia Medicine

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HMI HEALTHCARE MEDIA INTERNATIONAL

PCMS seeks physician volunteers

President Elect Lynn M. Lucas-Fehm, MD, JD, is seeking member volunteers with interest in possible appointments to PCMS Committees and Sections during her term of office through June, 2012.

PCMS would like to develop a diverse list of interested talented expertise to help formulate society focus and activities.

The list of Committees and Sections appears below. If you are interested in serving on PCMS Committees or Sections, please call Mr. Mark C. Austerberry, Executive Director, at 215-563-5343, Ext. 101.

- **Editorial Review Board:** Oversees content of PCMS monthly newsletter, *Philadelphia Medicine*.
- **Delegate Caucus to PAMED Annual Meeting:** Develop and review resolutions pertaining to the practice of medicine and governance of The Pennsylvania Medical Society. Delegates attend PAMED House of Delegates in October held in Hershey, Pa.
- **Public Health:** Works with the Philadelphia Department of Health in advocating for healthcare for the citizens of Philadelphia. Promotes good health practices through its block captains programs.
- **Membership:** Oversees member benefits programs and outreach to physicians.
- **Young Physicians Section:** For physicians 40 years and younger.
- **International Medical Graduates Section:** Forum for IMGs to discuss common concerns.
- **Residents/Fellows Section:** Forum for discussion of common concerns.

Call for resolutions—Giving direction to organized medicine

We want to hear from you. Do you have any major issues, concerns or problems that are affecting your ability to practice medicine?

One of the most direct ways for you to get involved is to submit a resolution to the House of Delegates (HOD) through the PCMS delegation. It's important that the Pennsylvania Medical Society (PAMED) knows the difficulties PCMS physicians face in our daily practice of medicine, such as cumbersome regulations and issues that affect the doctor-patient relationship.

As the association's legislative body, the HOD meets once a year in October to establish PAMED policies on key issues that affect the practice of medicine, from medical ethics to critical matters of public health.

Deadline for submission of resolutions to PCMS is August 19, 2011. PCMS stands committed to serving the needs of all Philadelphia County physicians and advances the health of our patients and community.

For additional information, please contact PCMS staff at 215-563-5343 or by e-mail at Stat@PhilaMedSoc.org.

Repeal of joint and several liability moves forward

House Bill 1 and Senate Bill 2 would modify Pennsylvania's joint and several liability law. By a vote of 112-88, the House passed HB 1 on April 11, 2011, sending the bill to the Senate for consideration.

Pennsylvania is one of only a handful of states that has complete joint and several liability. Under the current law, if one defendant is without assets or has insufficient funds to pay their share, the other defendant(s) can be held responsible for 100% of the jury's award.

If either HB 1 or SB 2 is passed, each responsible defendant would only

have to pay their share as long as the jury finds them less than 60% at fault. If a defendant is found more than 60% at fault, they can be made to pay 100% of the damages, if the other defendant(s) are without sufficient funds.

This is not the first time around for this legislation. In 2002, a very similar bill was signed into law, but was thrown out by the state Supreme Court on a procedural technicality. In 2006, Gov. Ed Rendell vetoed yet another bill after previously indicating he would sign it if it passed.

Health IT challenges

Each year, Healthcare Information & Management Systems Society (HIMSS) conducts a survey of health IT professionals to identify the priorities and challenges they face. Respondents continued to list meeting meaningful use criteria as a high priority.

Top IT priorities over the next two years	2010	2011
Achieving meaningful use	42%	49%
Focus on clinical systems	27%	23%
Optimizing current systems	8%	11%
Leveraging information	9%	9%
Focus on ambulatory systems	7%	2%
Interoperability	1%	2%
Demonstrating ability to exchange information	n/a	n/a
Providing patient-centric solutions	2%	1%
Integration of IT and medical devices	1%	0%

House panel consults doctors on permanent sustainable growth rate fix

The sustainable growth rate formula, a budget mechanism that uses economic data and Medicare spending to help calculate annual pay rates, has mandated physician pay cuts in recent years. Since 2002, Congress has stepped in to delay the cuts temporarily by freezing physician pay or providing small percentage increases.

The US House Energy and Commerce Committee has asked dozens of members of organized medicine for specific ideas and proposals on how to reform the physician payment system and move to a system that reduces spending, pays providers fairly and pays for services according to their value to the beneficiary. The House committee's letter said two problems prevent reform of the SGR: the \$300 billion budget impact and a lack of consensus on what kind of pay system should replace the Medicare physician fee schedule.

The House lawmakers say they want to fix the problem permanently. 130 state and medical specialty societies had sent a letter to Congress in March 2011 urging them to take action.

In 2012 Medicare is scheduled to cut doctor pay rates by 29.5%. President Obama's fiscal 2012 budget proposal would freeze payments at 2011 levels for the next 10 years. That plan would cost an estimated \$298 billion over the next 10 years, according to a Congressional Budget Office report released in March 2011.

IBC offers physician/hospital pay-for-performance webinar

Learn about IBC's new physician/hospital pay-for-performance program. The webinar will take place June 8, 2011, from 12:30 to 1:30 p.m., to inform providers about IBC's new Integrated Provider Performance Incentive Plan (IPPIP).

IPPIP is a physician/hospital pay-for-performance program designed to provide a balanced rewards model for the delivery of high-quality and cost-effective care. IPPIP was created to incent and encourage provider collaboration and care coordination across the healthcare delivery system (e.g., hospital, specialists, and primary care physicians) and to encourage formal integration of a hospital and its medical staff through integrated delivery organizations (e.g., physician-hospital organizations or similar physician entities).

To register for the IBC webinar, send an e-mail to Dayna.Bersh@ibx.com and include your practice name, individual physician name, and telephone number. Registration e-mails will be accepted through Friday, May 20, 2011. If you have any questions, call IBC at 215-241-2079.

Looking for Office Space?

PCMS headquarters has up to 4,000 sq. ft. of office space available for lease with onsite parking. Call 215-563-5343, Ext. 101.

CMS to rescind medicare rule on lab requisitions

The Centers for Medicare and Medicaid Services (CMS) says it will rescind a new Medicare rule that would have required treating physicians and non-physician practitioners to sign orders for clinical laboratory tests that are paid under Medicare's clinical laboratory fee schedule.

Among the concerns was that the policy did not take into account the interruption in a physician's existing workflow, which could reduce the number of patients that physicians could see and negatively affect patients' access to medical care.

Due to these concerns, CMS previously delayed enforcement of the rule until April 1, 2011, to allow more time to better educate physicians.

While some lawmakers across the US wrote letters to CMS requesting an additional nine-month enforcement delay, the AMA and several other stakeholders in organized medicine called for the agency to rescind the signature rule altogether.

CMS spokeswoman Ellen Griffith would not comment on how the agency would go about rescinding the rule. "All I can confirm is that the agency is taking another look at the policy and considering next steps," she said.

Congress passes repeal of IRS 1099 reporting requirement

Recently the Senate passed H.R. 4, the "Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011," which eliminates a provision of the Patient Protection and Affordable Care Act (ACA) that requires businesses, including physician offices, to file IRS form 1099 for any payments totaling \$600 or more in a year that are made to another business in exchange for goods and services.

The legislation passed by a bipartisan vote and as of press time was awaiting the President's signature.

The PCMS Website accepts typical classified ads. We also advertise upcoming events such as CME programs and seminars. Phone 215-563-5343, Ext. 102 for more information.

pcms people

These PCMS Member Physicians will be honored at The Annual President's Ball on June 11, 2011, for 50 Years of Medical Service:

George J. M. Abouna, MD, FACS
 Peter H. Arger, MD
 Martin Black, MD
 Bernard J. Dlutowski, MD
 Leonard A. Frank, MD
 Richard M. Gash, MD, FACS
 Fawzi P. Habboushe, MD, FACS
 James R. Harp, MD
 Orest Hawryluk, MD
 Mitchell Horenstein, DO
 Warren A. Katz, MD
 Samuel Krain, MD
 Michael Madianos, MD

Venu G. Menon, MD
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 Robert W. Solit, MD, FACS
 Thongchai Vorasingha, MD
 Merylee E. Werthan, MD, FACS

Attention: Physician Artists



PCMS is looking for physicians who are interested in displaying their art works—paintings, clay sculptures, artistic photos, glass works, etc.—during the Annual PCMS President's Installation on Saturday, June 11.

This is a one-day exhibit and there is no fee.

Contact Mark Austerberry at 215-563-5343, Ext. 101 for additional information and exhibit details.

Host your event at PCMS

Host your next party or conference/ seminar at PCMS headquarters. Ample free parking. Contact Louise Eder on 215-563-5343, Ext. 107 to schedule an appointment.

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