

# Dateline Washington

prepared by the Division of Advocacy and Health Policy

## MedPAC recommends payment increase

The Medicare Payment Advisory Commission (MedPAC) met January 9 and 10, voting once again to support an increase in Medicare payments to physicians. Specifically, MedPAC endorsed a 1.7 percent increase in the conversion factor for 2008. This amount is based on an estimate of input price inflation minus productivity growth for next year. In 2008, Medicare physician payments are scheduled to be cut an estimated 10 percent from 2007 levels. In December 2006, Congress acted to prevent a 5 percent cut from taking effect January 1.

In addition, commissioners held their final public discussion on possible alternatives to the sustainable growth rate (SGR) methodology, which is currently used to determine Medicare physician payments. MedPAC's report to Congress, scheduled for release this month, discusses the pros and cons of several different options. Although MedPAC did not vote to support a particular proposal, the panel suggests two possible pathways to reform: (1) repeal the SGR's expenditure target, or (2) extend an expenditure target to all Medicare service payment systems. Under the latter approach, physicians would no longer be singled out to remain within an expenditure target or face a payment reduction. The report also continues the discussion of linking payments to certain quality measures, and both pathways would include efforts to develop and adopt new approaches for improving value.

MedPAC's activities underscore the need for Congress to enact long-term Medicare payment reform to preserve patient access to quality surgical care. The College continues to work with policymakers to enact meaningful reform that will avert Medicare payment cuts in the future. For more information, go to <http://medpac.gov/>.

## Health care spending down

Growth in U.S. health care spending slowed for the third consecutive year in 2005, increasing 6.9 percent compared to 7.2 percent in 2004 and 8.1 percent in 2003, according to a statement that the Centers for Medicare & Medicaid services (CMS) issued January 9. The 6.9 percent increase in 2005 marks the slowest climb in health care spending since 1999, when growth was 6.2 percent. Health care spending reached nearly \$2 trillion in 2005, or \$6,697 per person, up from \$6,322 per person in 2004. As a share of the nation's gross domestic product, health care spending increased slightly from 15.9 percent in 2004 to 16 percent in 2005.

One factor cited as contributing to the slower growth rates is the delayed effects of lower prescription drug spending in 2001 caused by the recession. Hospitals accounted for the largest share of overall health care costs in 2005, reaching \$611.6 billion, whereas spending for physician and clinical services reached \$421.2 billion. For details, go to [http://www.cms.hhs.gov/apps/media/press\\_releases.asp](http://www.cms.hhs.gov/apps/media/press_releases.asp) and click on "CMS Releases U.S. Health Spending Estimates Through 2005."

## AMA and ACS survey physicians

The American Medical Association (AMA), with the support of the American College of Surgeons and more than 60 other medical specialty societies, is conducting a multispecialty survey of U.S. physician practices. The purpose of the study is to compile up-to-date information

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## **IOM hosts final emergency workforce seminar**

on physician practice characteristics in order to develop and redefine organized medicine's policies. Data pertaining to professional practice expenses also will be collected.

The AMA and the College plan to survey thousands of physicians in virtually all specialties to ensure accurate and fair representation of all physicians and their patients. As a result, it is likely that the Gallup Organization will be asking Fellows to participate in the survey.

The College encourages surgeons to participate in this study because the information derived from it will be critically important in shaping the positions it presents to policymakers on behalf of surgeons and their patients. For more information, contact the Division of Advocacy and Health Policy at [ahp@facs.org](mailto:ahp@facs.org).

On December 11, 2006, the Institute of Medicine (IOM) held its fourth and final workshop aimed at bringing national attention to the findings in three IOM reports, which were released last June, on the future of the nation's emergency care system. The event took place in Washington, DC.

A. Brent Eastman, MD, FACS, ACS Regent and chief medical officer and N. Paul Whittier Chair of Trauma at ScrippsHealth in San Diego, CA, served on the IOM committee and provided opening remarks at the event. Dr. Eastman challenged political leaders and the medical community to heed the warnings in the reports and to use their recommendations as a blueprint for creating a regionalized, coordinated, and accountable emergency and trauma care system in the U.S. Edward E. Cornwell III, MD, FACS—a trauma surgeon and professor of surgery at Johns Hopkins in Baltimore, MD, and member of the College's Committee on Trauma—represented the ACS at the workshop. Other participating Fellows included Michael F. Rotondo, MD, FACS; Alex Valadka, MD, FACS; and William Schwab, MD, FACS.

This capstone event provided an opportunity for the College and other stakeholders to engage policy leaders in a discussion of how to implement the IOM report recommendations. *A Growing Crisis in Patient Access to Emergency Surgical Care*, a College report also released in June 2006, was distributed to attendees. This report offered further details about many of the issues outlined in the IOM reports, particularly with respect to declining access to surgical specialty care in emergency departments. A summary of the key findings and recommendations of the IOM reports can be found at <http://www.iom.edu/Object.File/Master/35/040/Emergency%20Care%20Findings%20and%20Recs.pdf>.

The College's report on the emergency surgical workforce crisis can be accessed at <http://www.facs.org/ahp/emergcarecrisis.html>. (See related article on page 20.)