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Medicare spending increased significantly in 2002

Total Medicare spending during calendar year 2002 was 8.3 percent higher than in 2001, according to the annual Medicare trustees' report released March 17. The spending increase was 6.2 percent for Medicare Part A and 11.3 percent for Part B. In remarks to a physician audience, Tom Scully, Administrator of the Centers for Medicare & Medicaid Services (CMS), said the increase in physician spending was approximately 7 percent. Other Part B components that accounted for large spending increases included outpatient hospital services (10%), durable medical equipment (20%), and hospice care (24%).

In their report, the trustees estimated that the Part A trust fund will remain solvent until 2026. Part B funding is ensured through its financing mechanism, in which contributions from general revenues and beneficiary premiums are both adjusted automatically each year to provide a guaranteed funding stream. The trustees' report is available online at <http://www.cms.hhs.gov/publications/trusteesreport/>.

Negative Medicare update estimated for 2004 and beyond

Early CMS reports are forecasting future cuts in the Medicare physician payment update, despite congressional action early this year that addressed egregious data errors in the formula used to calculate annual adjustments to fee schedule payments. According to a CMS letter sent on March 20 to Medicare Payment Advisory Commission (MedPAC) chair Glenn Hackbarth, preliminary estimates indicate the physician fee schedule update for 2004 will be a -4.2 percent. The letter goes on to state that physician updates will remain negative through 2007.

The projected cut illustrates the flaws inherent in Medicare's physician payment update methodology itself, which takes into account such factors as the gross domestic product in determining how much total physician spending may increase before negative adjustments are made. A sluggish economy and an unexpected increase in volume appear to be driving next year's cuts. For additional information, go to <http://cms.hhs.gov/providers/sgr/sgr2004p.asp>.

House acts on patient safety legislation

The House passed H.R. 663, the Patient Safety and Quality Improvement Act, on March 12 by a vote of 418-6. This legislation would ensure the voluntary, confidential reporting of medical errors to patient safety organizations. Introduced by House Energy and Commerce Health Subcommittee Chairman Michael Bilirakis (R-FL), the legislation will create a framework through which the nation's health care system can more effectively advance patient safety initiatives and further promote the reporting and analysis of errors.

The issue moves to the Senate where S. 720, also known as the Patient Safety and Quality Improvement Act, has been referred to the Committee on Health, Education, Labor, and Pensions.

Support for trauma systems continues to grow

Legislators in both the House and Senate are circulating a sign-on letter to their colleagues expressing support for increased fiscal year 2004 funding for programs covered by Title XII of the Public Health Service Act, especially the Trauma Care Systems Planning and Development Act. The letters, championed by Sens. Pat Roberts (R-KS) and Jack Reed (D-RI) and Reps. James Greenwood (R-PA) and Luis Gutierrez (D-IL), urge legislators to support the trauma program, which provides federal grants to assist states in developing, implementing, and monitoring statewide trauma care systems.

The College is grateful that hundreds of surgeons have written letters to their senators and representatives urging them to support funding for trauma systems. To date, 43 senators and 98 representatives have signed these letters of support. Surgeons who want to encourage members of their congressional delegations to sign onto the Roberts/Reed or Greenwood/Gutierrez letters can do so through the College's Legislative Action Center at <http://capwiz.com/facs/home/>.

HHS releases disaster preparedness funds

The Department of Health and Human Services (HHS) has announced that it will allow states to immediately request up to 20 percent of the \$1.4 billion in HHS bioterrorism preparedness funding that has been allocated for state use in fiscal year 2003 (<http://www.hhs.gov/news/press/2003pres/20030320.html>). HHS Secretary Thompson's announcement comes at a critical time when states are battling extraordinary budget deficits while trying to enhance their disaster response capabilities.

States will be able to use this funding for a number of public health, hospital, or disaster preparedness efforts, including enhancing the trauma care and burn care components of their emergency medical services plan.

The ACS Committee on Trauma encourages surgeons to urge their governors to act through the Surgery State Legislative Action Center at <http://capwiz.com/sslac/issues/alert/?alertid=1662331>.