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GAO releases report critical of NPDB

On November 30, 2000, the U.S. General Accounting Office (GAO) released a report titled *National Practitioner Data Bank: Major Improvements Are Needed to Enhance Data Bank Reliability*, which was issued in response to a request from Rep. David McIntosh (R-IN). The report takes a critical look at the operations of the National Practitioner Data Bank (NPDB), which contains information about malpractice and adverse licensure and privileging actions taken against physicians and other health care providers. The report addresses issues related to data bank financing and to the accuracy of the information contained in the data bank. It comes at a time when some members of Congress are calling for making data bank reports accessible to the public, despite repeated efforts by the College and others to urge a closer examination of data bank operations.

In its report, the GAO noted that there has been no examination of whether the required user fees charged to physicians and other health care entities to query the data bank are appropriate. In addition, the GAO found that the Health Resources and Services Administration (HRSA), which administers the NPDB, cannot be assured that it is receiving all fees it is due, nor can it ascertain whether these collections stem from the NPDB or a separate clearinghouse it operates—the Healthcare Integrity and Protection Data Bank. The report goes on to note that at the end of fiscal year (FY) 1999, the NPDB had \$6.8 million in cash reserves, up from \$3.1 million at the end of FY 1998.

Additionally, the GAO described a variety of problems associated with the quality of the data in the NPDB. For example, the report stated that “[a]lthough HRSA has been concerned that malpractice payments are underreported, it has not been able to determine the magnitude of the problem despite many years of effort.” In addition, the data collected are often incomplete and inaccurate, and specific problems were identified in each of the three major data sets. The GAO also noted that HRSA has not implemented a 13-year-old law that expands the NPDB to include information on nurses and other health care practitioners.

One of the many recommendations made by the GAO is that HRSA “revise NPDB user and practitioner notifications to include disclosures on the limitations of the data and warnings regarding duplicate submissions as an interim measure until procedures to monitor data quality are implemented.” The entire report can be viewed on the GAO’s Web site at <http://www.gao.gov>.

Labor Department issues rules regarding patients’ rights

The Department of Labor (DOL) issued regulations on November 20, 2000, establishing certain patients’ rights in appealing coverage determinations by health insurance plans. The regulations extend protections to more than 130 million Americans in employer-based health plans and will take effect in January 2002. Issued partly in response to unsuccessful attempts by Congress to pass more comprehensive patient protections, the scope of the DOL regulations is limited by current law, and they are not intended to take the place of

Medicare revises “inpatient only” list

broader legislation. More specifically, the regulations pertain to the right of patients to appeal health plan determinations and do not address issues such as access to care and health plan liability.

The new rules set forth specific restrictions on health plans when they review decisions to deny benefits. Plans will be required to rule within 15 days for initial pre-service claims and 30 days for post-service claims. Plans also will be required to complete their appeals process within 30 days for pre-service claims and 60 days for post-service claims. Urgent care cases must be decided within three days.

In addition, patients must be given meaningful information about their rights under the appeals process. Health plans will not be allowed to charge them for appealing plan determinations, and notices of adverse benefit determinations must include the specific reasons for denying the claim.

On November 13, 2000, the Health Care Financing Administration (HCFA) published a regulation making a number of revisions in Medicare's newly implemented hospital outpatient payment system. In response to comments received from the College and other organizations, the agency announced the deletion of 44 codes from its “inpatient only” list, thereby permitting these procedures to be performed on Medicare patients in both outpatient and inpatient settings. Among the procedures deleted from the payment restriction list were: 19240, modified radical mastectomy; 60212, 60252, 60260 and 60512, all thyroid or parathyroid procedures; and 35458, transluminal balloon angioplasty of the brachiocephalic trunk or its branches. The changes in the inpatient only list will take effect on January 1, 2001, after which Medicare plans to update the list on a quarterly basis.

HCFA renews “Centers of Excellence” demo project

HCFA is inviting interested hospitals in Illinois, Michigan, and Ohio to participate in a Medicare “Centers of Excellence” demonstration project for certain cardiovascular and major joint replacement procedures. Through the project, bundled Part A (facility) and Part B (physician) payments will be provided to participating hospitals to determine if cost savings and quality improvements will occur for selected high-volume, costly procedures—coronary artery bypass graft surgery, cardiac valve operations, angioplasty, and total knee and hip replacements.

The first such demonstration projects were initiated in 1991 for cardiac bypass and cataract procedures. According to HCFA, the heart bypass project saved Medicare more than \$40 million for the 10,000 coronary artery bypass graft operations performed at seven participating sites. The cataract surgery alternative payment demonstration, implemented in three cities and four sites, is said to have saved \$500,000 for approximately 7,000 procedures. Additional information is available at <http://www.hcfa.gov/ord/projdfs.htm>.