

Part B Insider (Multispecialty) Coding Alert

Politics & Policy: McClellan To Doctors- Prepare Now For Efficiency Moves

Medicare must work smarter, spend less for better care

Physician spending is running out of control, and Medicare has to embrace more cost-effective care.

That was the tough message that **Mark McClellan**, administrator of the **Centers for Medicare and Medicaid Services**, brought to the **American Medical Association's** annual advocacy conference. McClellan wrapped that pill in some sugar, assuring the doctors repeatedly that CMS values them and won't take major steps without soliciting their views.

CMS hopes to take measures to boost quality of care and reduce costs - including pay-for-performance programs, technology coverage that requires post-market clinical reporting by providers to ascertain precise risks and benefits, electronic health records and computerized prescribing, and joint patient-physician decision-making.

To slow skyrocketing spending, Medicare must replace services of dubious value with the "many good ideas that we don't pay for," such as e-mail consultations and personal health records that could head off some office visits and other more intensive services, as well as "avoidable complications" for which the program now picks up the tab, McClellan said.

The AMA and other physicians' groups say they won't accept pay-for-performance (P4P) unless new Medicare funding pays for it. But Washington lawmakers and the Medicare Payment Advisory Commission are recommending "budget neutral" P4P, in which existing dollars would be reshuffled. Providers who meet performance targets or improve would get more money; others would lose dollars.

Asked by reporters whether getting buy-in on P4P will require "new money," McClellan suggested that providers and the government might instead share savings from P4P projects. Current demo projects reward doctors who reduce Medicare spending by 3 to 5 percent per patient, which would provide plenty of money to reward efficient doctors, McClellan suggested. This could also solve the question of how to reward doctors for investing in information technology.

With costs going up, Medicare won't let doctors off the hook about producing proven health-care value for the money. And costs do keep going up, McClellan told the AMA. Biggest factors driving the current increase: more imaging services and more frequent complex office visits.

The problem: Medicare trustees issued their annual financial report March 23, and Part B turned out to be the biggest sore spot in the program, with an estimated 6.9 percent annual growth rate over the next 10 years. That means more federal funding, plus higher premiums and copays. The press release from CMS mentioned the program may raise premiums for wealthy beneficiaries and make changes to Medicare's contracting process to reduce costs.