



**SDSMA Health Reform Update
September 9, 2009**

The American Medical Association (AMA) is working behind the scenes in Washington, D.C., to improve health system reform legislation to make it more amenable to its members' wants and needs, AMA Immediate Past President Nancy Nielsen said in a conference call September 2.

The AMA held the physicians roundtable conference call to address questions from the membership on current developments with health system reform legislation currently in Congress.

Dr. Nielsen and Cindy Brown, AMA Vice President of Government Affairs, answered questions selected from hundreds submitted by physicians in the Midwest.

Dr. Nielsen began with a brief discussion and synopsis of the developments with HR 3200, "America's Affordable Health Choices Act". The AMA has come out in support of the legislation.

Dr. Nielsen said the AMA is interested to see what President Obama will say on Wednesday evening, September 9, when he is to address a joint session of Congress regarding health system reform legislation. President Obama is expected to give more details on which plan or plans he favors and specifics of what health system reform could mean for Americans.

Dr. Nielsen gave some history from the AMA perspective on how the decision to support HR 3200 was made. The AMA has been working for years to get the "abominable" Medicare sustainable growth rate (SGR) replaced by a payment update system that actually reflects physicians' costs of practice, she said.

"All of us working together have been able to avert the cuts each year, but it is draining for everybody," Dr. Nielsen said.

The AMA knew there would be at least one bill to come out of the House and two bills in the Senate, Dr. Nielsen said. The Senate Health, Education, Labor and Pensions (HELP) Committee, chaired by late Senator Edward Kennedy, released a bill that did not include a permanent SGR fix.

Then, HR 3200 emerged from the House that would replace the SGR with an entirely new formula and would provide insurance coverage for 97 percent of Americans. The SGR would be replaced with a formula that would be based on annual gross domestic product (GDP) plus 1 or 2 percent, depending on the service rendered, Dr. Nielsen said. The bill also has voluntary, not mandatory, participation for providers.

"That is how physicians are treated differently in this bill than in other bills," Dr. Nielsen said.

HR 3200 also includes quality and safety measures and has improved insurance market reforms that would eliminate denied coverage based on pre-existing conditions.

“It offered opportunities to those who don’t have access to insurance – both employed and unemployed,” Dr. Nielsen said. “It did a lot of things that were very consonant with what we believe.”

Brown said the group who would benefit most from HR 3200 is low-income people with no health insurance who would have access to insurance through government subsidies. The next group to benefit most would be physicians through the SGR fix.

Dr. Nielsen said the item most “glaringly absent” from any health system reform bill is medical liability reform. That “concerns us gravely, and we have done a lot of work to try to get that in there,” she said.

In the HR 3200 mark-up process, the AMA worked to have an amendment introduced by Representative Bart Gordon (D-Tenn.) that approached tort reform with some modest reforms, offering pilot programs for certificate of merit initiatives and “early offer.” That amendment stands, Dr. Nielsen said, but it isn’t as strong as a cap on noneconomic damages. President Obama said he does not favor such a cap.

But, Dr. Nielsen said, it’s been interesting to watch how the tort reform debate has been framed in discussions on opinion pages nationwide. The climate has changed, and the argument from economists has turned to how the costs of defensive medicine drive up the overall costs of health care, she said.

“Where we didn’t get traction in prior years...they now seem more concerned about the cost of defensive medicine,” Dr. Nielsen said.

Moving to the topic of the public insurance option included in HR 3200, both Dr. Nielsen and Ms. Brown said the AMA had received a slew of questions regarding a public option. Dr. Nielsen said the AMA at the annual House of Delegates meeting in June had said a public option was not favored. Then HR 3200 was released, including a public option, and many AMA members were not pleased.

Dr. Nielsen said there has been “a lot of backpedaling, rethinking and concern about a public option,” and it does not appear that there is enough public sentiment and Congressional support about such an option at this point.

“It will be very interesting what the president in his address Wednesday is going to stick with -- wanting to have (the public option), or if he’s going to offer it up as a bargaining chip,” Dr. Nielsen said.

South Dakota’s Congressional delegation has also told SDSMA leadership that a public option is no longer likely to pass either house and be included in any final health system reform bill.

Other changes to HR 3200 in the mark-up process regarding the public plan included reaffirmation that physician participation would be voluntary and that physician payments would be negotiated based on private insurance rates rather than be limited to 5 percent above Medicare fee schedule rates.

The AMA and the SDSMA will continue to monitor the latest developments in Washington and will keep our members updated. For more information on health system reform legislation, please visit the SDSMA Health System Reform Web site at <http://www.sdsma.org/advocacy/advocacyagenda/HealthSystemReform.cfm>.