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The South Dakota State Medical Association's eNews is your direct link to the most important health care issues and activities affecting organized medicine.

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**SDSMA Health System Reform Task Force Hosts AMA Director of Congressional Affairs**

The SDSMA Health System Reform Task Force met Monday, July 27. Task force members hosted via conference call Todd Askew, Director of Congressional Affairs for the American Medical Association (AMA), who gave a report and answered questions about health system reform legislation in Congress, particularly [HR 3200, "America's Affordable Health Choices Act."](#)

While the AMA supports the legislation, it's important to note that the SDSMA has not taken a position on the bill. [Click here](#) to read the AMA's frequently asked questions on the bill.

Mr. Askew first discussed a letter signed by seven state medical societies, mostly in the South, voicing opposition to the AMA's support of HR 3200. Several professional associations also signed the letter, Askew said. The letter opposed the AMA's support of the legislation on three main fronts:

\* Public option insurance coverage. The AMA will continue to work in committee to change the legislation to be more favorable to physicians. "If there is a public option, it should compete fairly," Mr. Askew said. Rates should be negotiable, and physician participation should be optional.

\* Employer-mandated insurance coverage. The AMA does not have specific policy on employer-mandated insurance coverage.

\* No tort reform. Mr. Askew said tort reform was unlikely, considering the current political makeup of Congress, but that the AMA will push for this as the process continues.

Mr. Askew emphasized that health system reform is still at the beginning of the process.

While there has been criticism aired in the media about the haste of organizations such as the AMA to sign onto the massive legislation, Mr. Askew said the majority of HR 3200 has been available for about one month in draft form, and AMA analysts have been thoroughly reviewing the legislation since.

As of July 27, the bill was in the [House Committee on Energy and Commerce](#), on which seven conservative and moderate Democrats, the "Blue Dogs," sit. That includes South Dakota's Democratic Congressional representative, [Stephanie Herseth Sandlin](#). Those lawmakers have taken issue with the bill's nearly \$1 trillion price tag, and the bill will not reach the House floor without their support. Mr. Askew said one point of debate involves the delinking of Medicare rates in any public option insurance plan. The Blue Dogs favor a piece of another health system reform bill now in the Senate, which has negotiable rates.

A second point of debate involves the recent [Congressional Budget Office \(CBO\) analysis of the bill](#), which says that there are no cost-savings in the bill. Meanwhile, the White House favors developing a "super Medicare Payment Advisory Commission (MedPAC)," beefing up the independent Congressional agency established by the Balanced Budget Act of 1997.

The new MedPAC would require Congress to vote on recommendations from the commis

**Upcoming Events/Meetings:**

- ▶ Health System Reform Task Force  
– Noon, Aug. 10, SDSMA Conference Room
- ▶ Committee on Communications  
– Noon, Sept. 1, SDSMA Conference Room
- ▶ Committee on Medical Practice  
– Noon, Sept. 9, SDSMA Conference Room
- ▶ SDSMA Annual Meeting  
– Oct. 1 & 2, Ramkota Hotel, Sioux Falls
- ▶ SDSMA/SDMGMA Joint Meeting  
– Oct. 21, SDSMA Conference Room
- ▶ [Click here](#) to view full calendar

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sion as a way to cut costs. Mr. Askew said the Blue Dogs are still tepid on the idea, as the CBO has said the plan would save just \$2 billion over 10 years. There is also hesitation to the idea of taking away some Medicare authority from Congress by beefing up MedPAC's authority.

Mr. Askew said it was important for the AMA to get behind a bill in order to have some bargaining clout at the table when the House and Senate start to reconcile legislation, and HR 3200 is the best health system reform bill for physicians and the public. The most important reason to support the legislation, Mr. Askew said, is that it would cover 97 percent of Americans, or 47 million people. While other health care providers and facilities would take large cuts under the legislation, physicians don't have to give up as much under HR 3200, Mr. Askew said.

"The AMA is coming from a position of strength now," Mr. Askew said.

The next steps in the process involve the Senate, particularly the [Senate Finance Committee](#), which has been holding closed-door discussion on its health care reform legislation. The chairman of the committee, [Senator Max Baucus \(D-Mont.\)](#), wants to find a bipartisan solution, Mr. Askew said. The Finance Committee today (Friday) postponed the mark-up of their health system reform bill until after the August recess.

On Wednesday, July 29, the House Energy and Commerce Committee announced that an agreement was reached between Chairman [Henry Waxman \(D-Calif.\)](#) and Blue Dog Health Care Task Force Chairman [Mike Ross \(D-Ark.\)](#) on revisions to HR 3200.

Importantly, it was reported that both sides agreed that payments in the proposed public plan option should be based on negotiated rates rather than on the Medicare fee schedule. Also, it has been said that states would have the option of establishing health insurance co-ops in addition to a public plan, and that states would be given the opportunity to establish their own state-based health insurance exchanges. Additional language emphasizes that participation in the public plan would be optional for physicians. All these changes were recommended and supported by the AMA.

Other reported revisions to the bill include raising the small business exemption to include companies with payroll expenses up to \$500,000, with tax penalties phased up to \$750,000.

Mr. Askew said the August recess gives AMA and state medical societies an excellent opportunity to review the legislation and discuss concerns and solutions with their elected representatives.

The SDSMA will be meeting with [Sen. John Thune](#) on August 11 in Sioux Falls to share our members' concerns about health system reform legislation.

The next SDSMA Health System Reform Task Force meeting will be held Monday, August 10, at noon in the SDSMA Conference Room.

The SDSMA is constantly monitoring the latest in health system reform discussions in Washington, D.C. To keep up to date on all of the action taking place on the health care reform front, visit the [SDSMA Health System Reform Web site](#).

— Source: SDSMA Staff

Thank you for your membership in the SDSMA. If you have comments regarding *eNews*, please send feedback through the "Contact Us" link on the SDSMA's Web site, [www.sdsma.org](http://www.sdsma.org), or contact Megan Myers at [mmyers@sdsma.org](mailto:mmyers@sdsma.org).

## FTC Delays Red Flags Rule to Nov. 1

The Federal Trade Commission (FTC) has delayed the enforcement date of the "red flags" rule until November 1. Enforcement of the rule, which requires certain businesses to develop identity theft prevention and detection programs, was originally scheduled for November 1, 2008. Following advocacy efforts from the AMA and other associations, compliance was extended to May 1 and then later to August 1.

The new compliance date of November 1 is a result of continued advocacy by the AMA and others who continue to object to the applicability of this rule to physicians and other health care professionals. Since the rule was issued, the AMA has objected to the FTC's interpretation that physician practices are "creditors" when they accept insurance and bill patients after services are provided or if they allow patients to set up payment plans after services have been provided. The FTC states that this delay is intended to "give creditors and financial institutions more time to review this guidance and develop and implement written identity theft prevention programs."

[Click here](#) to view guidance materials that can help physicians prepare for the new November 1 deadline. [Click here](#) to visit the SDSMA's page on the Red Flags Rule. The AMA will continue to make the case to Congress and the agency that the FTC should republish the rule so that the AMA has an opportunity to formally comment and state its objections to physician inclusion in the program.

— Source: SDSMA and AMA Staff

## Voice Your Opinion on the SDSMA Forum

As the health system reform debate continues in Washington, D.C., the SDSMA is working to keep you updated on the latest legislative action. Please visit our new SDSMA Health System Reform Forum, where you can speak out on the latest proposals.

To reach the Forum:

\* Visit [www.sdsma.org](http://www.sdsma.org) and log in with your username and password in the box in the upper left-hand corner of the page, under the SDSMA logo.

\* Click on "SDSMA Forum" and when the page loads, click on "Login," found in the set of links near the upper right-hand corner of the page between "Search" and "RSS".

\* Enter your username and password again.

\* On the next page, you'll see a list of forum topics. Click on "SDSMA Health System Reform."

\* On the next page, click on "Health System Reform".

\* You will see a list of topics. To create a new message under a topic, click on the topic title and start typing under "New Post." When you're finished typing, hit "Submit". To post a new topic, click on "New Topic" on the forum topics page.

If you need technical assistance, if you have misplaced your username/password or need a username/password, please contact Megan Myers at [mmyers@sdsma.org](mailto:mmyers@sdsma.org) or 605.336.1965.

— Source: SDSMA and AMA Staff