



# News

late-breaking news from your medical association

volume XVI? / no. ?  
september 2009

## *local*

### Sutter to Merge S.F. Foundations and North Bay

Two of Sutter Health's medical foundations are merging in January, linking 300 physicians in San Francisco, Marin, Sonoma, and Lake counties. The combination merges the Physicians Foundation of CPMC and the North Bay Medical Foundation, into Sutter Pacific Medical Foundation. This action helps Sutter revamp its physician networks to create a more integrated system. The Sutter Foundation—along with new partners UCSF, UCSF Medical Group, and Hill Physicians Medical Group—will battle Brown & Toland for San Francisco HMO enrollees. All told, some 160,000 HMO enrollees in San Francisco are targeted.

### Hospital Data Firm Signs CHW

Two consultants from the consulting firm Cattaneo & Stroud have formed a new Burlingame database company, MD Ranger, that tracks hospital-physician contract data and physician contracting costs. It recently signed the CHW hospital system as a client. The new firm hopes to garner 100 hospital clients by its one-year anniversary and to quickly expand its client list to roughly 500 hospitals. Under the Federal Stark regulations, payments between hospitals and doctors are monitored closely and require so-called fair market opinions to ensure that no kickbacks are involved for patient referrals.

## *state*

### Hospital Outpatient Clinics - Legal Considerations for Physicians

Because the outpatient clinic model has not been around a long time, neither the Legislature nor the courts have addressed this health care delivery model. As a result, some hospitals have structured their outpatient clinics in ways that could run afoul of several federal and state laws, including antitrust, anti-kickback, and the corporate practice of medicine prohibitions. CMA has recently published a new On-Call document #0214, which helps physicians understand the pros and cons of the outpatient clinic model. You can find this document at [www.cmanet.org](http://www.cmanet.org)

## *national*

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## Atlanta Hospital Offers to Send Illegal Immigrants Home

Atlanta's Grady Memorial Hospital, one of the largest U.S. public hospitals, offers to send illegal immigrants who can't afford treatment back to their home countries for treatment. Some say the practice is nothing more than patient dumping, while others say the practice is necessary financially. Hospitals have offered medical transfers to foreign countries, but there are no nationwide data tracking the practice.

## Uninsured Residents in 2008

Massachusetts and Hawaii top the list of those states with the lowest percent of uninsured residents in 2008, with only 4.1 percent uninsured in Massachusetts, and 6.7 percent in Hawaii. They are also the only two states with mandatory health insurance. Those states following are Minnesota (8.7%), Connecticut (9.0%), Iowa (9.1%); Vermont (9.1%), Wisconsin (9.1%), and Pennsylvania (9.4%). On the other hand, the highest percent of uninsured are in Texas (24.1%), New Mexico (21.4%), Nevada (21.3%), Florida (20.8 percent), and Alaska (20.1%).

## Trial Lawyers Fight Back on Malpractice

According to an article in the American Association of Justice (p.i. attorneys, formerly ATLA), the organization is currently limiting its advertising to Washington, DC, publications and online sites. Lawyers are being urged to email President Obama, Vice President Biden, and all Senators and Congressional representatives as there is concern that President Obama has opened the door a crack to tort reform as part of a health care overhaul. Lawyers are being asked to "educate lawmakers about the epidemic of preventable medical errors and how tort law changes won't lower costs or cover the uninsured."

## Cost of Family Health Coverage in Past Ten Years

The average health insurance premiums and worker contributions for family coverage from 1999-2009 has experienced an enormous increase. According to a survey conducted by Kaiser/HRET (Health Research and Educational Trust) of employer sponsored health benefits the costs have risen from \$5,791 in 1999 to \$13,375 in 2009. This represents worker contributions of \$1,543 in 1999 to \$3,515 in 2009, a 128 percent change. At the same time, employer contributions have risen from \$4,247 in 1999 to \$9,860 in 2009, a 131 percent change.

In addition, according to the 2009 Employer Health Benefits Survey released September 15 by the Kaiser Family Foundation, 21 percent of firms offering health benefits to employees said they are very likely to raise workers' premium coverage contributions to combat rising health care costs.

## Half of Nonelderly Temporarily Uninsured Over 10-Year Period

According to a report issued by the Treasury Department, "The Risk of Losing Health Insurance Over a Decade: New Findings from Longitudinal Data," 48 percent of Americans under 65 went at least one month without insurance over a 10-year span. In addition, the report found that of the 48 percent of the 17,000 individuals studied between 1997 and 2006, 41 percent went without coverage for at least six months, and 36 percent went without coverage for at least one year. The report stated that this time period was generally characterized by economic growth and job creation, and given the current economic situation and increased unemployment rate, the number of people who will go without health insurance is likely to be even higher over the next 10 years. For a copy of the report, go online to [www.treas.gov/press/releases/docs/final-hc-report092009.pdf](http://www.treas.gov/press/releases/docs/final-hc-report092009.pdf).

## Utah Recovers \$1 Million from Napa Drugmaker

Utah has settled a law suit with Dey for allegedly overcharging Utah's Medicaid program. According to the Utah Attorney General, Dey falsely inflated reported drug prices used by Medicaid to determine reimbursement amounts to pharmacies. The company also marketed the spread between Dey's reported and actual prices to convince pharmacies its products were more profitable than competing products. The drug company has been targeted by other states. For example, in 2008 Dey agreed to pay Alabama \$4.75 million in a Medicaid drug pricing case.

## Help Finance Health Care Reform by Extending Medicare Tax on Earned Income to Investment Income

A report released by the Citizens for Tax Justice has proposed extending the 1.45 percent Medicare payroll tax that workers pay to nonpayroll income (except pension and Social Security benefits). The Medicare payroll tax is dedicated to funding health care, but it completely exempts investors whose income takes the form of capital gains, stock dividends, interest, rents, royalties, and many other types of investment income. The group states that extending the 1.45 percent tax to this nonpayroll income would raise more than \$160 billion in fiscal years 2012 through 2019, and would have little effect on working families or seniors. For the full report, go online to [www.ctj.org/payingforhealthcarehealthcare/medicaretaxreformfinancemarkup.pdf](http://www.ctj.org/payingforhealthcarehealthcare/medicaretaxreformfinancemarkup.pdf).

## Nordic Nations' Process for IT Adoption Holds Lesson for United States

People living in Denmark, Sweden, and Finland can rely on independent doctors to make use of their up-to-date electronic health information when they need medical care, and the Nordic nations' experience may offer important lessons for U.S. federal policymakers. A study published by the Information Technology and Innovation Foundation suggests that federal policymakers need to closely examine the Nordic nations' experience. It was noted that strong national leadership was critical to HIT adoption success in the three nations. Few U.S. policymakers are aware that the health care systems in Sweden, Finland, and Denmark have more in common with U.S. systems than do government health systems such as the U.K. system. In all three countries, most primary care doctors are independent, as are most pharmacies in Denmark and Finland. In the mid-1980s, the Danes reached a consensus that from then on, medical care based on paper records would be substandard.

## Even with Spending Slowdown Health Care Will Eat Up Most Income Growth

According to an analysis released by *Health Affairs*, even if the rate of health care spending slows significantly over the coming decades, more than half of U.S. real income growth could end up dedicated to health care spending. The analysis found that if health care spending grows at a rate two percentage points faster than real per capita gross domestic product between 2007 and 2083, then 118.5 percent of the real increase in per capita income would be devoted to health spending. Go online to [www.healthaffairs.org](http://www.healthaffairs.org) for more information.

## New Regulations on Breaches of Security Involving Medical Information

New regulations became effective September 23 requiring all physicians who are covered by HIPAA to notify patients if there are breaches of security involving their medical information. These requirements apply in addition to any notification obligations imposed by state law. These requirements also supplement the obligations imposed by the HIPAA Privacy and Security Rules. The AMA has prepared a summary of the new HIPAA Breach Notification Rule. Go online to [ama-assn.org](http://ama-assn.org) or call the SMCMA for a copy.



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## *medicare*

### Medicaid Enrollment Surges

The recession is driving up enrollment in Medicaid at higher than expected rates, threatening gargantuan state budget gaps even as Congress and the President are seeking to expand the government health insurance program for the poor and disabled. Although the stimulus package has shored up these programs to the tune of \$87 billion, that relief will end at the close of 2010.

### E-Prescribing Bonus Equals 2 Percent of Charges Billed

Hard to believe but one in four physicians and other prescribers who are office based are e-prescribing this year. Through the end of August, 110 million of the more than 3.7 billion prescriptions dispensed annually by U.S. retail pharmacies were sent electronically. In January, Medicare began paying physicians a 2 percent bonus if they switched their patients over to e-prescribing. This bonus is reduced to 1 percent in 2011 and 2012, and 0.5 percent in 2013. Physicians who don't e-prescribe will have their Medicare reimbursements cut by 1 percent starting in 2012, rising to 1.5 percent in 2013, and 2 percent in 2014.

## *management*

### Kaiser1009 Health IT Industry - Allscripts

Allscripts, the Chicago-based electronic medical records company, has more than doubled its profits since last year and attracted nearly 50 percent more business. Its stocks doubled, too. Of course, the \$19 billion infusion into the HIT industry from the federal stimulus package has helped. The money is meant to encourage doctors to switch from paper records, but in the meantime, the money is enriching technology vendors.

On another front, *Forbes* magazine noted recently that EPIC Systems is interesting in that it does little marketing or advertising, shuns acquisitions, never issues press releases, and tries to stay out of the headlines. It even once commissioned a billboard that read, "Marketing Sucks ... EPIC Systems." Nevertheless, EPIC has recently been winning around 40 percent of new EMR contracts at major hospitals. We know that its local clients include Kaiser Permanente, Stanford, and Palo Alto Medical Foundation and elsewhere, the Cleveland Clinic.