Kaiser Permanente opens new medical office building in SF’s Mission Bay
Kaiser Permanente opened its nine-story, 220,000-square foot Mission Bay medical office building on March 8. It is designed to serve 80,000 enrollees, most of whom previously used Kaiser’s Geary Street complex.

Kaiser Permanente to open its first medical school
Kaiser Permanente School of Medicine is scheduled to enroll its first students in 2019 at a site in Pasadena. It is reported to undertake an unconventional approach to medical training, with curriculum focused on providing high-quality, patient-centered care in both traditional and non-traditional settings, with an emphasis on collaboration and teamwork. Patient engagement, shared decision-making, and evidence-based practice will be the core of the curriculum design. Kaiser Permanente CEO Bernard Tyson said that “Influencing physician education is based on our belief that new models of care mean we must reimagine how physician are trained.” Kaiser said it chose Pasadena, ten miles east of Los Angeles, because of its proximity to the Kaiser Permanente Pasadena Medical Office complex and to Kaiser hospitals in the L.A. area where students will have their residencies. Kaiser hopes to attract minority students to better reflect the state’s ethnically diverse population.

California’s End-of-Life Option Act goes into effect June 9
Beginning June 9 the people of California will be able to choose medical aid in dying. There will be considerable work ahead to educate the public and healthcare providers to ensure that Californians have meaningful access to this new law. The law allows doctors in California to prescribe lethal doses of drugs to terminally ill people with less than six months to live who want to hasten their deaths. There is a time-consuming approval process, including filling out forms, and requiring patients to make two verbal requests at least 15 days apart, as well as one written request that is signed, dated and witnessed by two adults. More information will follow in the coming months.

Gilead halts drug studies
Gilead Sciences has halted several patient studies of its cancer drug, Zydelig, because of increased risk of death and serious side effects. Gilead said the adverse events were spotted during an ongoing review of late-stage testing in patients with chronic lymphocytic leukemia and patients with relapsed non-Hodgkin’s lymphoma. The company did not disclose details including how many patients had died or suffered serious side effects.

CDPH holds rare vaccination study against whooping cough
The CDPH examined the records of 690 newborns in California who suffered from pertussis. It concluded that those whose mothers received a Tdap vaccination during their pregnancy were significantly less likely to be hospitalized, admitted into the intensive care unit, or intubated to treat the condition. Hospital stays for infants whose mothers were vaccinated were half as long as those whose mothers were not vaccinated.
CURES 2.0 webinar available
The California Medical Association recently co-hosted a webinar with the Department of Justice to help physicians navigate the CURES 2.0 registration process. The webinar provides an overview of key user features of the updated system and tips on how to avoid technical issues. The webinar is available on the CMA website and is free to members and non-members. Visit www.cmanet.org/resource-library, then click On Demand Webinars. To register for CURES, go to https://oag.ca.gov/cures and click CURES 2.0 Registration in the right column on the homepage.

Tobacco tax initiative – help us gather voluntary signatures
The California Healthcare, Research, and Prevention Tobacco Tax of 2016 will increase California’s cigarette tax by $2 per pack and place equivalent taxes on products containing nicotine derive from tobacco, including e-cigarettes. SMCMA has petitions we can send you to collect signatures from among your staff, patients, neighbors, etc. The petitions do not have to be completely filled to be valid. The growing cost of collecting signatures for a ballot initiative, given the large number of measures trying to qualify for the November ballot, is huge. For the tobacco tax initiative, the price has soared up to $4.00 per signature, while other ballot hopefuls are paying up to $5.00 per signature. Nowhere has the tobacco fight been bigger, or more expensive, than in California, which has attracted at least two-thirds of tobacco companies’ state-level political donations since 2011. Please help us get as many “volunteer” signatures as possible.

Surprise medical bills
Two bills pending in the state legislature would provide consumers considerably more transparency regarding the price of their care and the pay received by top hospital executives. SB 1252 (Stone) would require providers to notify patients of their estimated costs for any scheduled medical procedure. It would also require disclosure of the participation of any physicians that are not in the provider network of the patient’s health plan. The second bill, AB 2467 (Gomez), would require hospitals to release the compensation data for their top executives, which would then be posted on the website of the OSHPD. The author notes that often these executives are operating under nonprofit corporate status and he believes they are paid excessively. More than five dozen executive at Sutter Health, Dignity Health and Kaiser, all not-for-profit hospital operators, are paid more than $1 million each in 2013.

DMHC okays HealthNet’s acquisition
The Department of Managed Care has approved Centene’s acquisition of Woodland Hills-based HealthNet. The plan must agree to invest in California’s healthcare systems to better serve consumers. HealthNet’s headquarters and key operations will remain in California, and Centene has agreed to build a new service center in California. Centene will pay $6.8 billion in cash and stock to acquire HealthNet. For-profit HealthNet has about 3 million covered lives in California and 300,000 in Arizona, Oregon, and Washington. Centene is a diversified for-profit multi-national healthcare enterprise based in the mid-west and is the largest Medicaid managed care organization in the country. Jay Gellert, the CEO of HealthNet, earned $33.68 million over the last five years. Some of you will remember Jay when he was the CEO of Bay Pacific Network, many years ago. Remaining on the regulator's table are proposed mergers of Aetna and Humana and Anthem and Cigna.

Unlike federal policy, county programs often use tax dollars to treat illegal immigrants
When Congress wrote the Affordable Care Act overhauling the nation’s healthcare system, they ruled out any possibility of extending health insurance to illegal immigrants. But counties that offer programs that pay for doctor visits, shots, prescription drugs and lab tests for these immigrants say it is cheaper, easier and safer to offer the services rather than treat them in emergency departments. The Wall Street Journal surveyed 25 U.S. counties with the largest unauthorized immigrant populations and found that 20 of them have programs that pay for the low-income uninsured.

HIPAA audits coming
The Office for Civil Rights (OCR) has announced this month that its Phase 2 Audit Program is underway. OCR has felt intense pressure from Congress and the Office of the Inspector General (OIG) to get this long delayed program underway. Unlike earlier audits, Phase 2 will not be limited to larger covered entities. OCR is aware that the vast majority of smaller organizations and those in private practice are not HIPAA-compliant. Organizations will be contacted via email. It will be important to ensure that this email does not end up in a SPAM or junk folder. All entities selected for the audits will have 10 business days to upload the requested HIPAA documentation; incomplete or insufficient documentation could result in compliance reviews or further scrutiny.
Quality reporting costs

*Health Affairs* published a survey in its March issue that bolsters anecdotal reports from physicians about the increasing cost and time burden associated with reporting quality measures to insurers. Dealing with these measures imposes a considerable burden on physician practices in terms of understanding the measures, providing performance data, and understanding performance reports from payers. To quantify this burden, the authors of this report randomly selected 1,000 practices from MGMA’s membership and asked them to fill out a web-based survey. The authors surveyed 250 practices from each of four specialties: cardiology, orthopedics, primary care, and multispecialty. The response rate was 39.4% overall, but increased to 54.3% with adjustments for unreachable practices or practices outside the four specialties. Physicians and staff at the surveyed practices reported spending 15.1 hours per week per physician on quality measures. Primary care physicians spent the most time on quality measures. The time practices spend on quality measure reporting adds up to a considerable expense, with an average cost of $40,069 per physician per year according to the survey results.

Brand and specialty drug pricing spikes

Spending on brand name drugs spiked 16.2% in 2015 and 98.2% since 2011, according to a new report from PBM Express Scripts. Further, a third of branded products experienced price increases greater than 20% in 2015. Specialty medications remain a key contributor to drug spending for payers, accounting for more than 37% of drug spending in 2015 and forecast to reach 50% by 2018. The PBM also found that patients in the healthcare exchange are spending more on prescriptions. The overall increase in spending between 2014 and 2015 for the exchange population was 14.6%, higher than the trends among commercial, Medicare, and Medicaid populations. Visit [www.runawayrx.org](http://www.runawayrx.org) for more information.

Chicago area psychiatrist jailed for taking drug industry kickbacks

Chicago area psychiatrist Michael Reinstein has been sentenced to nine months in federal prison and ordered to pay near $600,000 for accepting hundreds of thousands of dollars in pharmaceutical industry kickbacks. He accepted payments from the industry in the form of consulting fees, entertainment, and all-expense paid vacations in exchange for prescribing and promoting first the brand-name version, and then the generic version, of the antipsychotic clozapine, to thousands of indigent elderly patients in nursing homes and hospitals. Last year, the 72-year-old psychiatrist pleaded guilty to one count of violating the federal Medicare and Medicaid Anti-Kickback statues, and his medical license was revoked. The doctor has also bladder cancer and diabetes. The doctor had been in practice since 1973, submitting at least 50,000 claims to Medicare and Medicaid falsely stating that the clozapine prescriptions were for the treatment of mentally ill patients at more than 30 nursing home and long-term care facilities in the Chicago area.

Seeking a root cause for readmissions

Hospital executives often minutely study the lineal causes behind readmissions of inpatients within 30 days of discharge, but it may often be a simple as poor communications. That is the conclusion of UCSF researchers, which with a group of East Coast hospitals studied more than 1,000 readmissions. Among those cases, some 27% likely could have been avoided, while 15% definitely could have been avoided. In many instances, the readmissions could have been avoided by making relatively minor changes to the way patients interact with doctors, nurses and other staff. Critical gaps were found in areas such as the inability of patients to keep follow-up appointments, lack of awareness about whom to contact if problems arose after discharge, discharging patients too soon, and insufficient monitoring post-discharge. The research was published in a recent issue of *JAMA Internal Medicine*.

CBO reports costs increasing for ACA

The costs of the Affordable Care Act are rising as more enroll in Medicaid. The Congressional Budget Office (CBO) attributed the vast majority of the expected cost increase to greater-than-expected Medicaid enrollment numbers. Overall, CBO projected the cost to the government of those enrolled in Medicaid and in the marketplaces created under the law will be $1.4 trillion over 10 years, which is $136 billion more than previously expected. The cost is also going up by about $28 billion because of Congress’s recent legislation to postpone what is called the “Cadillac tax” on high-cost insurance plans. That bill also made the tax deductible to employers, further decreasing the amount of money the ACA pulls in.

Majority of physicians accept pharma payment

A recent analysis conducted by ProPublica on the relationship between physician prescribing practices and money received from pharmaceutical companies in 2014 suggests that nearly 90 percent of cardiologists received payments from a drug or device company in 2014. In addition, 7 to 10 internists and family practitioners received payment from a drug or device company in 2014. Nevada has the highest proportion (90.3%) of doctors who received payments that year. The survey also showed that internists who received no payment had an average brand-name prescribing rate of 20%, while internists who received more than $5,000 per year prescribing brand-name drugs had a prescribing rate of 30%.
Errors and confusion common in e-prescriptions

The free-text Notes field in electronic prescriptions frequently contains information that should be conveyed in other existing data fields and leads to confusion or errors, according to a retrospective qualitative study published in *JAMA*. The free-text Notes field available in the e-prescription message is intended to allow prescribers the option of including additional patient-specific information that is relevant to the prescription but for which a dedicated field does not exist in the current SCRIPT standard version. In 2013 the prescriptions with data in the notes field made up 14.9% of new prescriptions during the test period. The study revealed that 66.1% of notes were inappropriate, 28.6% were appropriate, and 5.3% were unnecessary. Among the inappropriate notes, 19% included patient directions different from those in the designated standard field for directions. In addition, 30.9% of inappropriate notes should have been in the BEN (benefits/insurance or coupon information) field, and 23.9% should have been in the QQU (quantity or quantity qualifier/potency unit code information) field.

biotech/IT

News from Bay Area biotech

SSF-based Exelixis, Inc., will get $200 million upfront in exchange for French drug maker Ipsen getting the right to market the drug, also known as Cabozantinib, a treatment for metastatic medullary thyroid cancer. In addition Exelixis will get $60 million if Ipsen wins European approval of "cabo" for advanced kidney cancer and another $50 million for filing and getting the European OK in advanced liver cancer.

Genentech and partner Novartis have received FDA approval to review its application extend the life of Xolair. The drug, initially approved in 2003 for moderate to severe persistent asthma in people ages 12 and above, also got approval to treat a form of chronic hives. Now Genentech and its parent, Roche, are seeking approval of Xolair in kids 6-11 who test positive for an airborne allergen and those allergy can't be controlled by inhaled corticosteroids. FDA will review this application in 2016.

Circle Medical, a San Francisco software app company that links patients with primary care doctors who do house calls, even to a patient’s office, says that it can now integrate a patient’s medical records and direct messaging with doctors into its app. Circle Medical so far has 900 users. So far the company has raised $3 million from investors. The company accepts most PPO insurance plans.

Genomic Health cancer test Oncotype DX can predict whether an individual breast cancer patient would benefit from chemotherapy. This is a lifesaver, but in California only 32 percent of women who would qualify for the test actually receive it. If doctors aren't ordering up a test for patient that is written into standard-of-care guidelines and at the forefront of precision medicine, what does that mean for the precision medicine movement? Targeted drugs represented 20 percent of new drug approvals in 2014 and 38 percent last year. Although oncologists are using this test, other physicians are slow to adopt this strategy.