Brown & Toland and Alta Bates Join Forces

Brown & Toland Physicians and Alta Bates Medical Group are merging operations. The agreement would create a 1,450-physician entity. Both boards have voted in support of this merger. The individual physicians, however, must also vote, which will take place this month. The merger will potentially create stronger competition for Hill Physicians Medical Group. In addition, the Federal Trade Commission must approve the proposed affiliation. Brown & Toland’s CEO, Richard Fish, will lead the merged organization with Alta Bates’s CEO, Jim Staggert, becoming a Brown & Toland Senior Vice President. This move follows a strategic alignment that occurred early last year when Hill Physicians added 600 San Francisco doctors by linking up with UCSF Medical Group.

Practice Fusion Grows Its Electronic Medical Records Company

Practice Fusion expects to double its staff by the end of the year from 75 to over 150 workers. CEO Ryan Howard says the 4-year-old company is adding about a dozen employees per month. It closed a $23 million Series B financing round in April and is now using this cash to hire staff in operations (training doctors to use its free online EMR), marketing, engineering, accounting and so forth. The company has 80,000 users and claims to be adding 350 doctors and other clinicians per day.

Castlight Health

A San Francisco-based firm, Castlight Health, brings the art of the deal to the health care sector by giving consumers the chance to compare prices and explore options before they pay for a medical procedure. Castlight, founded in 2008, saw a 250 percent jump in revenue in 2010 and has five companies, such as Safeway, using its online platform in addition to their existing health care insurance program. There is a need for more clarity and transparency in what the cost of various procedures would be, says CEO Giovanni Colella. Prior to founding Castlight, Colella was founder, president and CEO of RelayHealth, which was acquired by McKesson in 2006. Colella goes on, “we would never dream of flying across the country without knowing the price of the ticket.” Castlight offers consumers, who often pay more out-of-pocket, the opportunity to really know what their options are. He continues, “prices on health care services differ widely, pointing out that prices for the same procedure with the same level of safety can vary by several thousand dollar depending on the medical service provider.” Castlight reverse-engineers the rates by creating partnerships with the employers to gain access to the health insurance claims of their employees.
local

Blue Shield Chief Earned Nearly $5M

Bruce Bodaken, the CEO of non-profit Blue Shield of California, earned $4.6 million in compensation in 2010. Of the nine other highest paid executives in Blue Shield, the lowest paid executive received $749,643. Ironically, Bodaken’s counterpart at Anthem Blue Cross earns $800,000 a year. Publicity about Bodaken’s compensation may have, in part, generated an Op-Ed piece that he wrote for the San Francisco Chronicle on June 7, 2011. In this piece, he discussed Blue Shield’s “obligation to tighten our budget, just like everyone else.” He goes on to say that Blue Shield will cap its net income at two percent of revenue, and if they do produce income exceeding that amount, it is their intent to return that excess to members and the community. “Insurers, hospitals, drug companies, physicians and government must look inward, think creatively and take bold action to reduce costs. That’s what we’re doing – and we invite others to join us,” he added. I should note that AB 52, which passed the Assembly and is now in the Senate, would give California regulators the power to reject or modify excessive health insurance premium increases. This legislation is probably another factor that incentivized him to write the Op-Ed piece.

state

Kaiser Makes Child Obesity Link

A recent study by researchers with Kaiser Permanent Southern California has directly linked childhood obesity to psoriasis and indirectly to heart disease. The study examined medical records of nearly 711,000 children. They discovered that obese children were more than 40 percent more likely to have psoriasis than children of normal weight, while extremely obese children were nearly 80 percent more likely to have the condition. Teenage children with psoriasis, regardless of weight, have elevated cholesterol and live enzyme levels that fall between 4 and 16 percent, suggesting they are more susceptible to developing heart disease. The condition is also linked to metabolic syndrome, diabetes and other chronic conditions.

national

Federal Incentives Helped Increase E-Prescribing Use by 71 Percent in 2010

The report, The National Progress Report on E-Prescribing and Interoperable Healthcare for 2010, concluded that one in four prescriptions is now an e-prescription and more than a third of physician offices - 34 percent of all office-based prescribers and 36 percent of office-based physicians - transmit their prescriptions electronically. E-prescribing adoption rates are highest among cardiologists (49 percent) and family practitioners (47 percent).

Jeopardy-Winning Computer Delving Into Medicine

IBM’s Watson computer system will start work as a medical tool. Watson is best known for defeating the world’s best “Jeopardy” players on TV earlier this year. IBM says Watson, with its ability to understand plain language, can digest questions about a person’s symptoms and medical history and quickly suggest diagnoses and treatments. IBM envisions several uses for its medical Watson, including a doctor simply speaking into a handheld device to get answers at a patient’s bedside. Michael Yuan, chief scientist at Ringful Health, a medical consulting company in Austin, that has worked with IBM, cited a 1999 study of 103 doctors that found they fielded more than 1,100 questions a day of which 64 percent were never answered. When presented a set of symptoms, Watson will offer several possible diagnoses, ranked in order of its confidence. Since doctors do not want one answer, IBM’s Watson will provide options, believing this will help doctors accept a computer’s findings.

Thirty Percent of Employers May Drop Health Coverage by 2014

A survey conducted by McKinsey Quarterly of 1,300 employers reveal that when the ACA starts to kick in, at least three of every ten employers will probably stop offering health coverage. While only seven percent of employees will be forced to switch to subsidized-exchange programs, at least 30 percent of companies say they will “definitely
or probably” stop offering employer-sponsored coverage. Those employers keenly aware of the health reform measure probably are more likely to consider an alternative to employer-sponsored plans. At least 30 percent of employers would gain economically from dropping coverage, even if they completely compensated employees for the change through other benefit offerings or higher salaries, the study says. A number of competitors will emerge in the insurance market once reform provisions start to take effect, and will be needed to provide a transition for those moving from employer-sponsored insurance to other coverage options.

**Top Five Don’ts for Doctors in Primary Care**

The National Physicians Alliance, an organization of some 22,000 physicians developed three separate “Top 5” lists for primary care doctors - internists, family doctors, and pediatricians. The list was published in the *Archives of Internal Medicine*. The authors urge doctors not to perform bone density scans on women younger than 65 and men younger than 70 who have no risk factors for osteoporosis. The researchers also urged physicians to forgo basic blood screening in healthy adults (though encouraged screening for cholesterol and diabetes screening in some cases). The authors wanted to come up with the top things that primary care physicians can do that would enhance quality, but also reflect the idea of being good stewards of finite medical resources, saving money and reducing harm and risk.

**MGMA Reports 56 Percent of First-Year Physicians Get Signing Bonuses**

Physicians are becoming savvy at negotiating employment contracts. Signing bonuses, paid relocation packages, and even loan forgiveness packages are not unheard of. The median first-year guaranteed compensation was $258,677 for specialty physicians in multispecialty practices, and $240,596 in single-specialty practices. Specialty care physicians’ median first-year compensation varied more by geographic section, though not so for primary care physicians. In the southern and western sections of the country, first-year compensation was highest at $275,000 and $270,000 respectively. Primary care physicians received a median first-year guaranteed salary of $165,000 in multispecialty practices and $172,400 in single-specialty practices. In addition to first-year guaranteed compensation, signing bonuses, loan forgiveness, and amount of paid relocation expenses helped shape physician recruitment. Fifty six percent of physicians received signing bonuses as part of their employment offers. Twelve percent of physicians received loan forgiveness packages, most of which were $50,000 or less. Employers were more likely to offer loan forgiveness packages to primary care physicians than specialty-care physicians. Also, 56 percent of physicians accepted paid relocation packages. The survey includes data on 4,295 providers, categorized by specialty, as well as starting salary information on 1,986 physicians directly out of residency or fellowship.

**medicare**

**Avoid the One Percent e-Prescribing Penalty in 2012**

A change in Medicare law will penalize physicians beginning in 2012 if they do not implement and employ a qualified e-prescribing system in the first six months of 2011 – this means do it right NOW! In 2009, Medicare introduced an e-prescribing program that encourages physicians to electronically submit their prescriptions. The e-prescribing program provides payment incentives for physicians who e-prescribe and payment penalties for physicians who do not. Starting in 2012, Medicare will impose a one percent payment reduction penalty on all Medicare allowed charges for eligible professionals who do not electronically transmit their prescriptions. The penalty increases to 1.5 percent in 2013 and two percent in 2014.

The 2012 payment reduction penalty will be determined by e-prescribing activity between January 1 and June 30, 2011. To avoid the penalty in 2012, eligible professionals must report e-prescribing activity using measure code G8553 for at least 10 eligible outpatient visits via claims submission. This is true even for physicians who are already reporting through an electronic health record system.

Thanks to the AMA and organized medicine, CMS has released a proposed rule at the end of May that makes changes to the e-prescribing penalty program by adding more exemption categories. However, physicians must still e-prescribe using a qualifying system and report the G8553 code on at least ten Medicare Part B claims before
June 30, 2011. Physicians will have to apply for an exemption from the 2012 e-prescribing penalty via the web-portal tool by October 1, 2011. The proposed rule can be viewed at www.cms.gov/ERxIncentive/04_Statute_Regulations.asp#TopOfPage.

Patient Empowerment Act is Introduced in the Senate

Senator Lisa Murkowski (R-AK) has introduced S. 1042, the Medicare Patient Empowerment Act, which would establish an option for Medicare patients and their physicians to freely contract, without penalty, for fee-for-service payments. Patients could still use their Medicare benefits to offset a portion of the contracted fee amount, and physicians who privately contract would no longer be required to opt out of Medicare. Physicians and practitioners could continue to elect Medicare participating (PAR) or non-participating (non-PAR) status for other patients they treat. The bill has been referred to the Senate Committee on Finance. Rep. Tom Price, M.D. (R-GA) has introduced this legislation in the House as H.R. 1700

Part A Hospital Trust Fund Will Be Exhausted Five Years Earlier Than Predicted In 2010

The Medicare Hospital Insurance Trust Fund (Part A) will be exhausted in 2024, five years sooner than was predicted last year. The fund’s changed date of depletion primarily is due to lower incomes in the economic downturn, resulting in lower tax revenues to finance the trust fund. The report, found at www.cms.gov/ReportsTrustFund/downloads/tr2011.pdf, said the fund will see a $34 billion deficit for 2011 followed by a period of declining deficits in 2012-18 as the growth in taxable earnings accelerates. Treasury Secretary Timothy Geithner said the report makes clear that unless lawmakers act soon on entitlement programs, the more likely they will be forced to impose tax increases, deep cuts to benefits, or both.

Medi-Cal Fee-For-Service Patients Being Transferred to Medi-Cal Managed Care

Managed care plans in 16 mostly urban counties, including San Mateo, will be seeing a large influx of elderly and disabled Medi-Cal enrollees. About 360,000 seniors and people with disabilities, known as SPD, will be transitioned into managed care from Medi-Cal fee-for-service programs over the next year. The transition is part of a federal waiver obtained by California late last year to expand Medi-Cal coverage, while saving money. The plans will be paid relatively generously for the care they provide - about $500 per enrollee per month, depending on the region of California, which is an average of 4.5 times more than the plans are paid for non-SPD Medi-Cal enrollees. However, it is acknowledged that this population requires closely coordinated and often costly mental health care services. Also, hospitalizations are far more commonplace.