

Gov't to overhaul Medicare payments to doctors, hospitals

January 26 2015, by Ricardo Alonso-Zaldivar



In this Nov. 15, 2014 file photo Health and Human Services Secretary Sylvia Burwell speaks in Manassas, Va. The Obama administration Monday announced a plan to shift Medicare payments it makes to hospitals and doctors so they reward quality over volume. Officials said they hoped the move would be a catalyst for the entire health-care system. "It is in our common interest to build a health care system that delivers better care, spends health care dollars more wisely and results in healthier people," Burwell said in a statement. A broad cross-section of health-care industry representatives attended the announcement, including insurers, hospitals, and doctors, as well as employers, who pay for coverage for most workers and their families. (AP Photo/Cliff Owen, File)

Medicare will change the way it pays hospitals and doctors to reward quality over volume, the Obama administration said Monday, in a shift that officials hope will be a catalyst for the nation's \$3 trillion health care system.

"It is in our common interest to build a health care system that delivers better care, spends health care dollars more wisely and results in healthier people," said Health and Human Services Secretary Sylvia M. Burwell.

The shift won immediate support from insurers and the American Hospital Association. The professional group representing primary care doctors also said it's "on board." But American Medical Association president Robert Wah stopped short of an endorsement, telling reporters his group is encouraged but wants specifics.

Burwell also announced the formation of the Learning and Action Network, a group she said will bring together a wide range of affected parties to drive change in how America pays for health care. It was unclear Monday whether the group will operate under federal open meetings rules. Its first meeting is planned for March.

Supporters say the ultimate goal is to promote and reward quality care, not just the sheer volume of services like imaging scans and some elective surgeries.

Medicare and employers were already moving in that direction, but Burwell's announcement sets specific federal goals and timetables. "It's time we put our money where our mouth is," said Sen. Ron Wyden of Oregon, the top Democrat on the committee that oversees Medicare.

Still, the outlook for the administration's initiative is unclear. Details of how the payment changes will be implemented remain to be spelled out.

Building on experiments under the president's health care law, Burwell set a goal of tying 30 percent of payments under traditional Medicare to new models of care by the end of 2016. That would rise to 50 percent of payments two years thereafter.

Those new models include so-called accountable care organizations, in which doctors coordinate care to help keep patients from landing in the hospital for avoidable problems. Another approach is known as a medical home, in which nurses monitor patients with chronic conditions like high blood pressure, to make sure they are within acceptable ranges.

HHS also set a goal of tying 85 percent of all payments under traditional Medicare to measures of quality or value by the end of 2016. That would rise to 90 percent two years thereafter. Some of those measures are already in effect. For example, hospitals with high rates of patients re-admitted within a month of being sent home face financial penalties.

Burwell is moving in the right direction, said a Republican who held her job under former President George W. Bush.

"Transforming the health care system requires transforming Medicare," said former HHS Secretary Mike Leavitt. "The fee-for-service payment system is at the root of much of the inefficiency our current system suffers." He now runs a consulting firm that advises on health care.

Medicare is the government's flagship health insurance program, serving seniors and disabled people at a cost of \$600 billion a year.

The administration also wants state Medicaid programs to join the payment-for-quality initiative.

Still, other sweeping promises to transform health care have not been fulfilled. Although there's been real progress, President Barack Obama's

goal of providing every American with a secure electronic medical record has not been met.

And Medicare continues to grapple with longstanding financing problems, despite a welcome slowdown in spending over the last few years. Among the issues is a budget formula that will cut doctor payments by about 20 percent in April unless Congress acts.

The \$2.9 trillion-a-year U.S. health care system remains at the forefront of scientific innovation globally. But there is widespread agreement that it costs the nation too much. Americans are no healthier than citizens of other economically advanced countries that spend less per person.

Many patients get treatments and tests that either don't help them or have problematic side effects. Patients can see many different specialists, but those doctors rarely communicate with each other. The cost of new drugs is straining the budgets of insurers and Medicaid programs. And fraudsters drain tens of billions of dollars annually from the system.

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