

FIRST REPORT[®] MANAGED CARE

CLINICAL, ECONOMIC, AND LEGISLATIVE DEVELOPMENTS AFFECTING THE MANAGED MARKETS

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FIRST NEWS

While mortality for breast and prostate cancer has decreased, the role of screening in that decrease has not been established. **Page 7**

Elderly patients with hip fractures treated with a standardized approach had better outcomes than patients treated with usual care. **Page 18**

Hydroxyurea to prevent episodes of pain in children with sickle cell disease is frequently underutilized and even misused. **Page 32**

Extended-release niacin was superior to ezetimibe when added to a statin for inducing regression of atherosclerosis. **Page 37**

Genentech Inc has published its second annual survey-based report on the management of oncology in the United States. **Page 43**

Researchers have identified a genetic marker that makes carriers more susceptible to increased body mass index and obesity. **Page 46**

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Also Inside

BIOTECH
FOCUS
Page 45

PRODUCT
SPOTLIGHT
Page 50

Mayo: Hold the Medicare

Pilot Project Excludes Medicare Payments for Primary Care

Capping off a year of hard-fought debate over reforming healthcare, and specifically health insurance, the Mayo Clinic made holiday-season headlines with the initiation of a 2-year pilot project involving a 5-physician family practice clinic in Glendale, Arizona, that has opted out of accepting Medicare payments for primary care starting January 1. Initially announced in October, the decision to temporarily stop accepting Medicare reimbursement for primary care office visits followed an earlier announcement that some Medicaid patients would not be accepted at a Minnesota facility. Mayo attributes these policy changes to low reimbursement rates and is asking legislators to remedy the situation as part of the comprehensive healthcare reform proposals being debated by Congress.

A statement from the Mayo Clinic clarified terms of the time-limited trial, which will be reviewed at its conclusion. "Some recent media reports have inaccurately stated that the Mayo Clinic in Arizona is no longer seeing any Medicare patients. This is not true." The decision will result in changes for about 3000 patients receiving care at the Mayo Clinic Family Medicine-Arrowhead facility. These patients will not be able to transfer their primary care to another Mayo facility.

Current Medicare patients may continue receiving primary care at the Glendale clinic but will be required to pay out of their own pocket for office visits or to

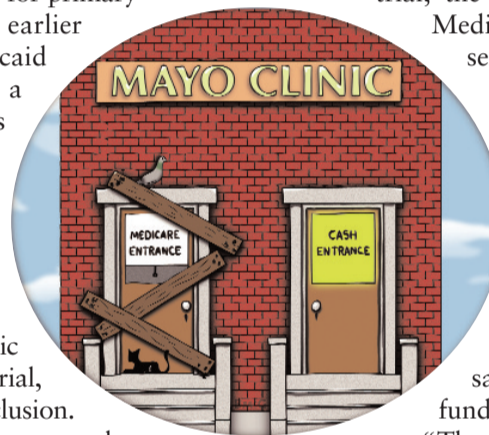
seek care from another physician. Normal fee rates for office visits are expected to range from \$175 to \$400 per visit, depending on the type of service provided. There will also be an annual administrative fee of \$250.

Mayo Clinic is currently one of the largest Medicare providers in the country. The project affects only primary care office visits for the 5 Mayo family practice physicians at the Arizona site. For the duration of the trial, the Glendale location will still accept Medicare for specialty care, laboratory services, imaging studies, and ancillary services. Primary care reimbursement will not change at the Mayo Clinic in Arizona overall.

The Mayo Clinic loses a substantial amount of money every year due to the reimbursement schedule under Medicare. Last year, Mayo provided approximately \$275 million in uncompensated care, due in large part to underfunding from Medicare.

"The discrepancy between what Medicare pays and our cost of providing services is particularly acute for our clinics that provide primary care," said a statement provided to *First Report-Managed Care (FR-MC)*. "Due to these ongoing financial challenges, the 5 physicians at Arizona's Mayo Clinic Family Medicine-Arrowhead in Glendale will no longer accept Medicare payments for primary care office visits. This is one of several options we are exploring to address the

continued on page 7



Flat Growth in Healthcare Spending, Drug Approvals

New Reports Show Little Change

Increases in total national healthcare costs have slowed along with the rest of the economy, but health spending continues to grow faster than gross domestic product (GDP). New National Health Expenditure Accounts (NHEA) data released by the Centers for Medicare & Medicaid Services (CMS) show that health spending in the United States grew by 4.4% in 2008, and the portion of GDP devoted to healthcare continues to increase. Meanwhile, the number of new pharmaceuticals approved by the US Food and Drug Administration (FDA) remained stable in 2009, and spending on prescription drugs grew at a reduced pace.

NHEA data on total annual spending include the cost of public and private health insurance and program administration as well as investments in healthcare research, infrastructure, and equipment. The findings were reported by CMS' Office of the Actuary and

published in the health policy journal *Health Affairs* [2010;29(1):147-155]. In the report, the economic recession is defined as having begun in December 2007.

According to CMS, the total sum of health spending in the United States was \$2.3 trillion or \$7681 per person in 2008. This was the slowest rate of growth since CMS started officially tracking expenditures in 1960. Despite slower growth, however, healthcare spending continued to outpace growth in GDP, which increased by 2.6% in 2008. By 2018, CMS predicts that national health spending will reach \$4.4 trillion and comprise about 20% of GDP.

In response to CMS' report, the health insurer trade association put the findings in the context of healthcare reform efforts that have dominated the debate on healthcare costs. "The latest national health expenditure data demonstrate why healthcare reform needs to include a

continued on page 15