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Mission: to transform the health care system through information and technology to improve patient safety and health care quality, lower costs, and coordinate care.

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Congress Agrees to Halt 5 Percent Medicare Cut for Physician Services

The House and Senate reached agreement on a package of legislative provisions addressing Medicare reimbursement. It [halts the scheduled 5.1 percent cut in physician services](#) scheduled to take effect Jan. 1 - instead mandating a one-year freeze at current payment levels. The provision also provided for a 1.5% increase beginning next year for physicians who report on quality measures, a first step towards pay-for-performance in Medicare. The initial measure set will include those already in use by the Physician Voluntary Reporting Program-and additional measures will be determined throughout 2007.

On the rest of the budget, work remained unfinished on nine of 11 spending bills, including that for the Department of Health and Human Services, requiring the stopgap funding bill to put 13 Cabinet departments on autopilot through Feb. 15 frozen at or slightly below current levels.

CBO Releases Study on Premium Support System for Medicare

The Congressional Budget Office (CBO) recently released a study, [Designing a Premium Support System for Medicare](#), that examines the key decisions to be confronted in designing a premium support system for Medicare and the implications of alternative design choices for federal spending and beneficiaries' premiums. In accordance with CBO's mandate to provide objective, impartial analysis, the study, which was prepared at the request of retiring House Ways and Means Committee Chairman Bill Thomas, makes no recommendations.

Policymakers have considered a number of strategies for restraining Medicare spending. One approach would restructure the competition between private health plans and the traditional Medicare program by converting Medicare to a "premium support" system. Under such a system, the federal government would contribute an amount that beneficiaries could use to purchase Medicare coverage by enrolling in the traditional program or in a private plan. The incoming House Democratic majority has been highly critical of such an approach.

Major Employers Announce New Health Record Initiative

[Five major employers announced](#) that about 2.5 million workers and their dependents will have access to their health records through their computer under a new private sector initiative called [Dossia](#). The records will be compiled by an independent, non-profit organization using claims data and financed by employers. The information will be stored in a database that only the employee is supposed to be able to access, and will be available to the employees for life, regardless of whether their employment changes. The companies providing the electronic health records are Applied Materials, BP America, Inc., Intel Corp., Pitney Bowes and Wal-Mart. The companies hope that cutting out the paperwork in healthcare would reduce administrative costs, duplicative care and medical errors.

Legislation Encourages E-prescribing

The tax relief and healthcare legislation approved on December 9 included language by Sens. Richard Lugar (R-Ind.) and Evan Bayh (D-Ind.) that [recommends e-prescribing](#) as one of several potential safety measures to help prevent hospital medication errors. The legislation calls on HHS to develop standards, including medication safety measures, to improve hospital quality. Hospitals that do not disclose whether they have adopted the new standards will be penalized through reduced Medicare payments. E-prescribing is one way to prevent errors due to illegible handwriting or dosage information, Lugar said in a statement.

VA to Centralize I.T.

Veterans Affairs Secretary R. James Nicholson has decided to fully [centralize management of I.T. systems and security](#) at the department. The decision complements S. 3421, a bill recently passed in the House and Senate that directs VA to provide breach notification to individuals, reports to Congress, fraud alerts, data breach analysis, credit monitoring services and identity theft insurance, among other provisions. Nicholson

directed the establishment of a departmental IT management system under the authority of VA's assistant secretary for information and technology, who is also the department's chief information officer (CIO).

The plans, announced in part as a response to a highly publicized May privacy breach affecting 26.5 million veterans, also include [measures to safeguard veterans' personal data](#). According to Secretary Nicholson, the VA is moving to encrypt information and is embarking on a "major cultural change" to promote data security.

NCVHS Urges HHS to Encourage Compliance for National Provider Identifier

A December 11 [letter](#) from Dr. Simon Cohn, chairman of the National Committee on Vital and Health Statistics (NCVHS), to Secretary Michael Leavitt of the U.S. Department of Health and Human Services (HHS) urges HHS to take the necessary actions to enable and encourage compliance and early testing by all covered entities for the National Provider Identifier (NPI).

"The Committee has heard testimony on several occasions regarding the readiness of providers, plans, clearinghouses, and the software vendors that support them, to use the NPI in HIPAA transactions," stated Cohn. "We have concluded that, while significant progress is being made toward compliance, some key activities may not be completed by the compliance date, which has the potential to disrupt or delay payments to providers."

The compliance date is May 23, 2007 for most covered entities. To date, over 1.4 million NPIs have been issued, which the Centers for Medicare & Medicaid Services (CMS) estimates represents approximately 60 percent of the total provider universe. However, Cohn's letter explains, based on testimony, few of the providers who have obtained NPIs have communicated their NPIs to their health plans, many providers have not communicated their NPIs to the facilities where they practice, and few are sending NPIs in HIPAA transactions. The NCVHS will hear additional testimony on this issue in January.

HHS Releases Agenda for Regulatory Actions

HHS has released its semi-annual [agenda outlining regulatory actions](#). In January 2007, the agency plans to publish a notice explaining the information dissemination processes under the national provider identifier and any applicable charges for data. The notice, which will include a comment period, will outline the available data from the National Plan and Provider Enumeration System.

In March 2007, HHS plans to issue a proposed rule to modify HIPAA-mandated code sets, and in June 2007 to propose streamlining the adoption process for modifying current electronic transaction and code sets. In September 2005, HHS issued a proposed rule to create an electronic standard format for electronic claims attachments. However, according to the semi-annual agenda, officials do not expect a final rule until September 2008. The agenda does not mention the HIPAA-mandated proposed national health plan

identifier. Dates in the proposed agenda are not firm, but it does provide a picture of the Department's regulatory priorities.

Final Round of Health I.T. Grants Available in NY

New York Gov. George Pataki has announced the [third and final round of health I.T. grants](#) available under a statewide program. Proposals for funding local and regional health information exchange projects are due Jan. 8. The final round of the grant program, established in the Healthcare Efficiency and Affordability Law for New Yorkers (HEAL NY), will be worth a total of \$52.9 million. The federal government may make about half that sum available to the state under the terms of an agreement announced in October. The governor's announcement said the final round will focus on projects for the exchange of imaging data, bidirectional exchange of public health data and general exchange of clinical data

The grants will pay for as much as 40 percent of the cost of an eligible project. The state will choose to fund projects if they promote sharing of health data and development of a health exchange infrastructure that is compatible with the future Nationwide Health Information Network and other federal health IT programs.

Insurance Industry Announces Standards for Web Health Records

Giving further momentum to the concept of consumer-centered personal health records, two major health insurance industry associations announced [agreement on standards for health-plan based personal health records](#). The announcement came one week after five major employers launched an initiative to provide patient records for their employees. The federal government's American Health Information Community (AHIC) has also been examining ways of spurring use of the records, and several bills were introduced late in the recent session in Congress, including caucus co-chairman Patrick Kennedy's [Personalized Health Information Act](#).

The standards announced by the Blue Cross Blue Shield Association and America's Health Insurance Plans would outline common data sets and allow beneficiaries to transfer their health records from one plan to another. The records would be populated with claims data and information that could be directly entered by beneficiaries. Industry officials make the point that claims data contains a wealth of health care information that can be valuable to patients and providers. Privacy advocates have argued, however, backed by surveys, that consumers do not trust health plans with the function of maintaining clinical health records.

National Quality Forum Endorses New Standards for Ambulatory Care

The National Quality Forum (NQF) recently announced the [endorsement of additional national voluntary consensus standards for ambulatory care](#). Ambulatory (outpatient) care is the primary site in the United States where patients receive care, with more than a billion visits to physician offices and hospital outpatient and emergency departments each year. The 49 consensus standards comprise the next step in NQF's ongoing, multi-year

effort to endorse a standardized set of measures for gauging and publicly reporting the quality of ambulatory care. NQF has now endorsed 86 voluntary consensus standards for ambulatory care.

The areas encompassed by this set are: bone and joint conditions; diabetes; heart disease; mental health and substance use disorders; and prenatal care. Earlier in 2006, NQF endorsed consensus standards for publicly reporting the performance of ambulatory care in the areas of asthma/respiratory illness, hypertension, medication management, obesity, and prevention (including screening and immunization). NQF will continue to evaluate performance measures in a wide variety of ambulatory care priority areas over the next several years. The consensus standards endorsed in 2006 represent an expansion and update of NQF's 2005 report, *National Voluntary Standards for Ambulatory Care: An Initial Physician-focused Performance Measure Set*.

IHI Launches National Campaign to Reduce Medical Harm in U.S. Hospitals

The Institute for Healthcare Improvement (IHI) announced on December 12 a national campaign to dramatically reduce incidents of medical harm in U.S. hospitals. The goal of the [5 Million Lives Campaign](#) is to prevent five million incidents of medical harm over a 24-month period, ending December 9, 2008. The campaign, which is sponsored principally by America's Blue Cross and Blue Shield health plans, builds on the success of the recently completed 100,000 Lives Campaign. The new campaign aims to enlist 4,000 hospitals to adopt up to 12 interventions, six of which were included in the 100,000 Lives Campaign and six of which are new. There is no cost for hospitals to join the 5 Million Lives Campaign; however, there is an obligation for them to adopt at least one intervention and to regularly report hospital profile and mortality data to IHI throughout the campaign.

CMS Posts Physician and Hospital Outpatient Information

On November 20, 2006, CMS made available [Medicare payment information for common services provided in physicians' offices and hospital outpatient departments](#). These data complement the inpatient hospital and ambulatory surgery center data already posted on the CMS website. The new information is intended to allow consumers and other users of the data to compare costs and procedures, which may vary depending upon the site of service, and to select the most appropriate setting for the delivery of high quality and efficient care. The information includes payment rates for over 70 physician services rendered in non-office settings and 19 services usually performed in a physician's office, as well as outpatient hospital data for commonly performed procedures.

Initial Assessment of Medicare Physician Group Demo Project is Positive

The Centers for Medicare and Medicaid Services initiated the Physician Group Practice (PGP) Demonstration to provide participating practices the opportunity to earn performance payments for improving the quality and cost-efficiency of healthcare delivered to Medicare fee-for-service (FFS) beneficiaries. In December 2006, The Commonwealth Fund released a report, titled "[Medicare Physician Group Practices: Innovations in Quality and Efficiency](#)," that discusses experiences of the participating practices, as well the implications for the Medicare program and the healthcare system overall. The report finds that to date, the PGP demonstration experience has shown that it is possible for large, multi-specialty group practices to respond to a hybrid set of quality improvement and cost-containment incentives layered on top of an FFS payment system. The authors note that PGPs have used the demonstration to expand data systems, care management programs, coordination-of-care efforts, and other interventions that are not directly reimbursed. At the same time, the report states that the PGP demonstration system retains many of the positive features of FFS reimbursement, such as the patient's free choice of provider and reduced incentives for undertreatment.

NCQA Releases Updated Health Quality Savings Calculator

The National Committee for Quality Assurance (NCQA) recently released [a new version of their free, online Quality Dividend Calculator \(QDC\)](#). The updated QDC now contains data about clinical performance, disease prevalence, employee wages, and other information to help purchasers determine the return on investment when they choose to contract with high-quality health plans. The QDC uses NCQA Health Plan Employer Data and Information Set (HEDIS(r)) quality data to estimate the number of sick days and lost productivity resulting from illness. Employers can plug in unique information about their company and receive detailed estimates of potential savings. The QDC provides summary data showing how effectively various plans treat prevalent, high-cost illnesses such as diabetes, asthma, and cardiac issues; in doing so, the tool offers users a means to determine which plan in their area represents the best value.

IHI's Promising Practice of the Month: Better Oral Health for Pregnant Moms

Research shows that there is a connection between a pregnant woman's oral health and her child's well-being. To improve access to oral health services for low-income pregnant women and children ages 0 to 5, the Institute for Healthcare Improvement and the Health Resources and Services Administration are collaborating to break the cycle of dental disease transmission from mother to child. The focus of the Oral Health Disparities Collaborative is to bridge the gap between medical and dental care. Click [here](#) to read more.

The House 21st Century Health Care Caucus thanks the following organizations for their contributions to this newsletter:

HIMSS (Healthcare Information and Management Systems Society) is the healthcare industry's membership organization exclusively focused on providing leadership for the optimal use of healthcare information technology and management systems for the betterment of human health. HIMSS frames and leads healthcare public policy and industry practices through its advocacy, educational and professional development initiatives designed to promote information and management systems' contributions to ensuring quality patient care. On the web at www.himss.org. (Items 1-8)

The Institute for Healthcare Improvement (IHI) is a not-for-profit organization leading the improvement of health care throughout the world. Founded in 1991 and based in Boston, MA, IHI is a catalyst for change, cultivating innovative concepts for improving patient care and implementing programs for putting those ideas into action. Thousands of health care providers participate in IHI's groundbreaking work. To find out more, go to www.ih.org. (Item 15)

The National Quality Forum (NQF) is a private membership organization created to develop and implement a national strategy for healthcare quality measurement and reporting. NQF's mission is to dramatically improve quality of care. Its portfolio includes the endorsement of performance measurement consensus standards, educational programs for health care leaders on key environmental trends, and award recognition programs. NQF, a non-profit organization with diverse stakeholders across the public and private health sectors, was established in 1999 and is based in Washington, DC. NQF's Executive Institute works to assist healthcare leaders in making quality health care the key business strategy of their institutions and the healthcare enterprise overall. To find out more, go to www.qualityforum.org and www.NQFExecutiveInstitute.org. (Items 1, 10-14)