



Proposed IPPS changes target reimbursement for cardiac devices

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THIS DAY IN BRIEF

NATIONAL

Massachusetts health coverage plan not likely to serve as national model

Although the recent passage of legislation in Massachusetts designed to expand health care coverage to all state residents is dominating the media spotlight, experts say the new law would be difficult to duplicate in other states.

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NEWSMAKERS

St. Vincent (Mont): Computer program helps OR nurses prep for surgeries

OR nurses at St. Vincent Healthcare are using a new computer program that provides “mini-refresher courses” on nearly two dozen surgeries frequently performed at the hospital.

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FROM THE ADVISORY BOARD

Clinical Strategy Watch: Observation units enable care for ‘gray area’ patients

Targeting patients between inpatient and outpatient management, clinical observation units provide an intermediate level of care that may reduce ED LOS and sharpen diagnostic accuracy.

See story #7

Oncology Watch: National PET scan registry to boost CMS reimbursement

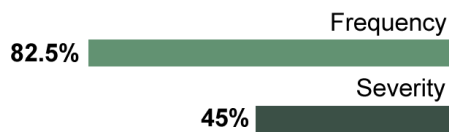
CMS will temporarily expand reimbursement for use of PET among facilities that participate in a national registry.

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Olmesartan reduces frequency, severity of migraines

A study in the March issue of *Headache* finds that the blood pressure medication olmesartan prevents migraine headaches in patients with high blood pressure. Researchers from the New Jersey Medical School in Newark assigned 24 hypertensive or prehypertensive migraine patients to receive between five mg and 40 mg of olmesartan for three months to one year.

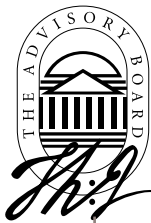
At minimum three months follow-up percentage reduction in migraine



-Reuters Health, 4/12

NAMES IN THE NEWS

Akron General (Ohio) (#10) ■ Detroit Medical (Mich.) (#5) ■ Henry Ford (Mich.) (#5) ■ Northeast Ohio (#10) ■ Oakwood (Mich.) (#5) ■ St. John (Mich.) (#5) ■ St. Vincent (Mont.) (#4) ■ William Beaumont (Mich.) (#5)



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► National News

1 Proposed IPPS changes target reimbursement for cardiac devices

Industry analysts say changes to the inpatient prospective payment system (IPPS) proposed this week by **CMS** could have a “dramatic” effect on Medicare reimbursement for cardiac devices but a “relatively moderate” impact on orthopedic devices, the *Wall Street Journal* reports. Calling for an 11.7% reduction in payments to cardiac hospitals, a 9.4% cut for orthopedic centers, and a 7.2% decrease for surgical hospitals to be implemented by FY 2008, the proposed rule aims to “eliminate loopholes that enable specialty hospitals to prosper, not [to] alter device consumption.” A Morgan Stanley analyst says because the changes are not expected to significantly affect demand for devices, “they may affect hospitals more than device companies.” He adds that the proposed IPPS would trim Medicare payments for stents, implantable cardioverter defibrillators, and pacemakers by 32%, 23%, and 13%, respectively, but an analyst with Leerink Swann notes that “there is room for negotiation, and the final [cuts] will likely be less dramatic.” Meanwhile, analysts say “orthopedic devices fared better than expected,” with a proposed 6% reduction in payments for spine treatment procedures and a 1.4% increase in payments for hip and knee replacements. CMS will publish the proposed rule, which contains the first major revisions to IPPS since 1983, in the April 25 Federal Register; the agency will accept public comment on the rule through June 12 and publish the final version later this year (Kamp/Koons, *Journal*, 4/14; Reuters Health, 4/13; Bloomberg News, 4/13).

2 Massachusetts health coverage plan not likely to serve as national model

Although the recent passage of legislation in Massachusetts designed to expand health care coverage to all state residents is dominating the media spotlight, a number of experts say the new law would be difficult to duplicate in other states and is not likely to become a national model, the *Boston Globe* reports. According to **Partners HealthCare** CEO James Mongan, Massachusetts has “unique circumstances [that] made it ripe for health care reforms,” including a relatively low percentage of uninsured residents—about 10%, compared with 18% nationally. In addition, the state already spends approximately \$500 million in both federal and state money to reimburse hospitals for treating the uninsured. Because of these circumstances, Mongan says Massachusetts “started with half the problem solved” and had the “relatively simple task” of redirecting funding rather than “the more politically challenging job of raising it.” Furthermore, Mongan notes that Gov. Mitt Romney’s (R) willingness to direct an expected revenue surplus to expanding coverage might not be repeated by other Republican governors. A director of policy at the not-for-profit **Heritage Foundation** and the state’s secretary of health and human services note, however, that some “less-sweeping elements” of the Massachusetts law could prove attractive to other states. For example, the provision creating a “connector” that combines individual and small-group insurance plans under a central agency in order to offer a variety of low-cost insurance plans, as well as the provision mandating public disclosure of hospital costs and quality, could be easily adopted by other states. According to the executive director of **Families USA**, the “political breakthrough” achieved in Massachusetts could “encourage other states to tackle longstanding barriers to reform.” He adds that there are “significant elements of the Massachusetts proposal that are likely to get serious consideration in a number of states” but notes that states still need to determine how to “cobble together different approaches” to improve health coverage (Rowland, 4/14).

3 AHRQ finds young and low-income adults more likely to lack insurance

A recent report by the **Agency for Healthcare Research and Quality (AHRQ)** finds that more than 50% of American adults ages 18 to 29 lacked health insurance for at least a month during 2002 to 2003, Reuters Health reports. Using annual data from AHRQ's Medical Expenditure Panel Survey, researchers pooled information from a sample of U.S. households about health care spending, access, and consumption, as well as health quality and status. About 15.6 million Americans—or 6.2% of the U.S. population under age 65—were consistently uninsured between 2000 and 2003. Researchers say “the poorest Americans are the least likely to have coverage,” with more than 24% of poor individuals lacking coverage from 2000 to 2003. In addition, 15.7% of Hispanic Americans lacked insurance for the entire study period, and more than half were uninsured for at least one month between 2002 and 2003. Meanwhile, researchers note that respondents who reported “excellent or very good health status” were the least likely to be uninsured, while those who reported “good or fair/poor health” were the most likely to be uninsured for the entire four-year study period. Reuters Health notes that the report did not investigate whether individuals' health “was a cause or an effect of having insurance” (Reuters Health, 4/13; AHRQ Statistical Brief, March 2006) To view the entire report, please visit www.ahrq.gov.

► Newsmakers

4 St. Vincent (Mont): Computer program helps OR nurses prep for surgeries

OR nurses at Billings, Mont.-based **St. Vincent Healthcare** are using a new computer program that provides “mini-refresher courses” on nearly two dozen surgeries frequently performed at the hospital in order to prepare for the tasks they must complete prior to and during operations, the *Billings Gazette* reports. The PowerPoint Electronic Education Resource (PEER) program, which was developed by a St. Vincent Healthcare anesthesiologist and his college-aged son, was recently praised at a meeting of the **Association of Operating Room Nurses** and will be featured in the June edition of the organization's journal. The PEER program uses photographs and written text to present step-by-step instructions for “myriad preparatory tasks,” such as arranging the tools necessary for an appendectomy or assembling the device that holds a patient's head during brain surgery. The program even lists specific surgeons' preferences related to how the OR is set up or what size glove they wear. Each of the program's photographs was taken in St. Vincent's surgery department, so the brands of the tools and equipment, as well as the layout of the OR, will be familiar to nurses. The PEER program can be accessed on any computer in the surgery department—including those in the OR—and consists of a series of tutorials lasting five minutes or less that can be divided to highlight specific tasks or subsections nurses would like to review. While the program was designed for tenured nurses in need of a “refresher,” it is proving popular among new staff members as well as traveling nurses who “know generally how to prepare for specific surgeries but probably are not familiar with the nuances of St. Vincent's procedures.” The program's developer says the “easy-to-access, interactive tool...increases staff confidence and patient safety,” and the *Billings Gazette* notes that the program's non-threatening format is “easier than admitting a memory lapse to a coworker.” Since the program's launch a few months ago, surgical staff have already requested that more procedures be added, and the hospital is examining other departments where the technology may prove useful (Cochran, 4/14).

5 Metro Detroit hospitals (Mich.): Report higher profits in 2005

Despite a “slumping” local economy, rising uncompensated care, and relatively flat patient admissions, major health care systems in the Detroit area managed to post “significantly bolstered” profits in 2005, the *Detroit News* reports. Health care analysts say a “complex mix of forces” including aggressive efforts to reduce costs, greater demand for more profitable services, and positive returns on investments contributed to the higher profits. In addition, the *Detroit Free Press* notes that “thousands of layoffs combined with the specter of more to come” prompted many patients to schedule elective surgeries before their employer-sponsored health insurance coverage ended. For example, **Henry Ford Health System**’s five hospitals reported a 20% increase in elective surgeries and a 10% increase in overall surgical volume during the last six months compared with the same period a year earlier. The system in 2005 recorded a “record-breaking financial year,” with a \$112 million profit on revenue of \$3.1 billion, up from a \$95.8 million profit on revenue of \$2.9 billion in 2004. Henry Ford’s CFO says the health system reaped “significant savings” by implementing patient safety initiatives that reduced surgical and blood-borne infections, helping lower malpractice costs and saving an estimated \$1.2 million through reductions in average LOS. Nearby **St. John Health** experienced a 2% decline in patient admissions during 2005, but the hospital reported a profit of \$65 million, up from \$17 million in 2004. St. John’s CFO attributes the higher earnings and increase in elective surgery volume to local residents becoming “concerned about losing health care benefits” and having procedures done that “they’ve put off for a while.” **Detroit Medical Center** (DMC) posted a profit of \$16 million in 2005, up from \$3 million in 2004 and “\$500 million in losses in [the] six years before”; *Detroit News* notes that last year was the first year DMC posted a profit “without help from the state.” Patient volume decreased at both Royal Oak-based **William Beaumont Hospitals** and Dearborn-based **Oakwood Healthcare System**. Oakwood Healthcare’s net income fell from \$36 million in 2004 to \$30 million in 2005, but William Beaumont’s net income grew from \$60 million in 2004 to \$70 million last year despite the drop in patient volume (Terlep, *Detroit News*, 4/14; Merx, *Detroit Free Press*, 4/14; Merx, *Detroit Free Press*, 4/10).

► Inside the Industry

6 FDA approves combination insulin pump-glucose monitoring system

The **FDA** this week approved a combination insulin pump and glucose monitoring system manufactured by **Medtronic**, a move that experts say brings the company one step closer to developing an “artificial pancreas” and represents the “dawn of a new era in diabetes care,” the *Wall Street Journal* reports. The Paradigm Real-Time system includes a glucose monitor attached to the abdomen that measures patients’ blood glucose levels every five minutes and transmits the readings to a pump that “beeps or vibrates” when blood sugar levels are too low or too high; patients can adjust the pump to administer insulin when the alarm sounds, eliminating the need for “repeated needle sticks.” The system—which is designed for use mainly in patients with type 1 diabetes and is not yet approved for use in children—costs about \$7,000 and generally is not covered by private insurers or Medicare. However, Medtronic officials say the real-time glucose readings will help patients “more accurately adjust their insulin levels” and potentially prevent the onset of diabetes-related complications such as the loss of limbs, kidney failure, heart disease, and coma. Experts say creation of the Paradigm system is a “significant step” toward development of a “free-standing” artificial pancreas that automatically delivers insulin based on continuous glucose level monitoring. Medtronic officials say they are about “four or five years away from perfecting such a system” (Burton, *Journal*, 4/14; Moore, *Minneapolis Star Tribune*, 4/13).

► From the Advisory Board

7 **Clinical Strategy Watch: Observation units enable care for ‘gray area’ patients**

The following is an excerpt from the Clinical Strategy Watch, a biweekly publication that provides actionable information intended to assist senior hospital administrators and clinical leaders in managing hospital-physician relationships, bolstering physician leadership, and implementing breakthrough process improvements.

Targeting patients in the “gray area” between inpatient and outpatient management, clinical observation units provide an intermediate level of care that may reduce ED LOS, sharpen diagnostic accuracy, and yield better outcomes. Whether delivered in a brick-and-mortar observation unit, designated ED beds, or wherever space allows, observation services may offer an opportunity to garner additional reimbursement and mitigate malpractice risk. However, providers and compliance officials stress that codified care protocols, cross-specialty collaboration, and physician buy-in are critical to the model’s success; hospitals hoping to capture financial returns also must be vigilant about documentation and coding.

For more information

To learn more about observation units, please access the April 13 [Clinical Strategy Watch](#).

8 **Oncology Watch: National PET scan registry to boost CMS reimbursement**

The following is an excerpt from the Oncology Watch, a biweekly publication that delivers timely perspectives on the major events that shape cancer care and cancer program management. The Watch provides cancer center administrators, clinicians, chief operating officers, and other cancer care providers with information to aid the management of programs and improve the delivery of high-quality patient care.

Aiming to inform future coverage decisions about PET imaging, **CMS** will temporarily expand reimbursement for use of the technology among facilities that participate in a national registry exploring how PET scans affect cancer patients’ care management. The National Oncologic PET Registry, which is expected to launch this spring, will expand coverage to a host of tumor sites and indications not previously reimbursed by the agency; Oncology Roundtable analysis indicates the registry could potentially generate an additional one million scans nationwide this year.

For more information

Please read today’s issue of the [Oncology Watch](#) for the full article.

► Regional Round-up

9 **Around the nation: Bite-sized hospital and health industry news**



- **Arizona:** Three Phoenix-area hospitals currently are testing a new antivenin designed to treat scorpion bites, which can cause neurological symptoms and are particularly dangerous in children. The antivenin, known as Anascorp, is made in Mexico and is not yet approved by the **FDA**; **University of Arizona** researchers and the director of the Arizona Poison

Center next month will present their findings to the FDA in hopes of winning approval for the drug (AP/Washington Post, 4/12).

- **Colorado:** State lawmakers are considering three pieces of legislation that aim to “improve health care quality, cost, and access” while creating a more “transparent” system. The first bill would require hospitals and free-standing surgery centers to disclose charges for procedures, nurse-to-patient ratios, charity care expenditures, and capital construction costs. The second measure would require state hospitals to report certain nosocomial infections, and the third would create a hospital “report card...based on comparable information” (Darst, *Fort Collins Coloradoan*, 4/12).
- **Florida:** Naples-based **Health Management Associates** (HMA) recently was rated the “nation’s most admired hospital company” by *Fortune* magazine. To determine the rankings, *Fortune* surveyed executives and analysts about the reputation of other companies within their industry. HMA ranked first in seven of the eight categories, which included “quality of products and services, employee talent, and social responsibility” (*Sarasota Herald-Tribune*, 4/12).
- **New Jersey:** The state’s Patient Safety Reporting Initiative has received 450 reports of serious injury or patient death so far this year. The incident reports, which do not include the names of the hospitals or staff members involved, are used as the basis of a quarterly newsletter to hospitals that “show[s] how small errors can lead to tragedy.” With one-third of the events reported so far involving patient falls, the state is creating a workshop on fall prevention (Campbell, *Newark Star-Ledger*, 4/13).
- **Texas:** In an effort to become more “user friendly” to indigent and non-English speaking patients, the Fort Worth-based **JPS Health Network** has simplified its charity care application process, rolled out a new website in Spanish, and launched a 24-hour hotline that users can dial to obtain patient records. The changes were made following criticism from the **Tarrant County Medical Society**, which claimed the health system’s complicated charity care application process allowed it to “shir[k] its duty to the poor and uninsured” (Spangler, Ft. Worth *Star-Telegram*, 4/13).

► Endnotes

10 Et cetera

Role reversal: Exercise mimics aging-related health problems for med students

A new program at **Northeast Ohio Universities** College of Medicine in Rootstown aims to teach empathy for geriatric patients to second-year medical students by simulating aging-related health problems including cataracts, hearing loss, and impaired mobility, the *Akron Beacon Journal* reports. Students enrolled in the physical diagnosis lab at **Akron General Medical Center** discuss the issues of aging with a panel of geriatric patients and then work in pairs on a role-playing exercise. For the exercise, students posing as geriatric patients wear sunglasses smeared with Vaseline to simulate blurred vision and rubber gloves to simulate a loss of sensation from peripheral vascular disease; some students also attach weights to their shoes to simulate the effects of a stroke. The “patients” are then asked to carry out everyday actions such as counting change and moving medication into a pill-reminder container, tasks that a family physician at Akron General says helps students “understand the older adult.” She adds that the exercise also provides students posing as caregivers with insight as to “what it feels like to be a spouse or adult child of an older person with health problems.”

—Spitz, 4/13