

Small physician group seeks to make large impact on Medicare payments

Contributed by Alexander Bolton
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In the midst of a multimillion-dollar battle over Medicare payments to physicians, a small trade association, the Society of Thoracic Surgeons, is trying to make itself heard among the giants of the lobbying industry to address what it calls a looming crisis in its professional ranks.

The number of applicants for residency training in cardiothoracic surgery has dropped precipitously over the past 12 years.

In 1995, about 200 medical school graduates applied for cardiothoracic residencies. This year only 96 applied.

Lobbyists representing the Society of Thoracic Surgeons have met with lawmakers on the Senate Finance and House Ways and Means committees to bring attention to the issue.

Coronary artery disease kills nearly 600,000 Americans each year. And while heart disease remains pervasive, the number of surgeons available to treat it is expected to decline.

About 50 percent of the 3,700 cardiothoracic surgeons practicing in the United States are forecasted to retire in the next 10 to 13 years. Over that time, the majority of the baby boom generation will become fully eligible for Medicare, which means demand for surgeons will swell as their numbers drop.

This has lent a new sense of urgency to the industry's four-year-old government relations shop.

"The bottom line is that we have to do more with less," said Michael Hogan, the director of a three-person government relations team at the Society of Thoracic Surgeons.

While larger trade associations have whole departments devoted to direct lobbying, grassroots mobilization, and public relations, Hogan and his colleagues must juggle all three roles.

The Society of Thoracic Surgeons has around 2 percent of the membership of the American Medical Association (AMA). It compensates by motivating a high percentage of its members to contribute political funds and contact lawmakers.

"We have to get 50 percent of our members to do it," said Hogan, who noted that the trade group's political action committee raises about \$500,000 per election cycle.

Cardiothoracic surgeons and other doctors have focused their effort on a scheduled 10 percent cut in reimbursements physicians receive from Medicare. The reimbursement rate is set by a complicated Medicare formula implemented in 1998.

While the formula has underpaid physicians in recent years, some healthcare experts have noted that it overpaid Medicare doctors in the 1990s.

The AMA has also sought to pressure Congress on the issue by launching a \$2 million television advertising campaign.

"Unless Congress takes action, Medicare services will be cut by over \$40 billion, forcing doctors to limit their services, even stopping them from accepting new Medicare patients," the ad states.

But the AMA has not focused on the impact of Medicare payments on cardiothoracic surgeons.

"You won't see the AMA working to alleviate the cardiothoracic surgeon shortage, it's not in their bailiwick," said Hogan.

The surgeons believe that legislation funding the State Children's Health Insurance Program (SCHIP) presents the opportunity to halt the reimbursement rate cut. They hope to include a rate increase in the bill the House Ways and Means panel expects to mark up this month. Senate leaders, however, have made clear that they want their version of SCHIP to pass without complicating amendments.

This means the issue of physician reimbursements may have to be resolved in House-Senate conference negotiations. The biggest obstacle to freezing reimbursement rates is finding ways to pay for them. Preserving doctors' fees at this year's level would cost \$21.7 billion over the next five years.

Doctors are facing about a 10 percent cut in 2008 because Congress averted a scheduled 4.4 percent cut last year by deferring it until this year, adding onto a 5 percent cut previously scheduled.

Because of the high cost of revamping the payment system, lawmakers have repeatedly sought one-year fixes to it.

Surgeons have targeted Medicare reimbursement rates for health maintenance organizations (HMOs) and private fee-for-service plans, in which beneficiaries bill the private plans instead of Medicare directly. Medicare reimburses HMOs and private fee-for-service plans at higher rates than regular fee-for-service plans.

But finding offsets to pay for higher Medicare reimbursements is a short-term solution. The Society of Thoracic Surgeons argues that a more sustainable solution is to track the quality and cost of healthcare. Accordingly, thoracic surgeons have begun to monitor their own performance carefully in order to cut expenses. Avoiding one post-surgery complication can save Medicare tens of thousands of dollars.

"By reducing complications you can save Medicare billions of dollars," said Hogan. "Our secret weapon is a responsible policy message for the [lawmakers] we're asking to meet with."

In addition to boosting payments to doctors, cardiothoracic surgeons have made the Medical Education Affordability Act, sponsored by Sen. Chris Dodd (D-Conn.), the second prong of their legislative attack. It would allow members of postgraduate medical, residency, and fellowship programs to defer repayment of their student loans for the duration of the programs.

The law now only allows postgraduate residents and fellows to postpone payments for three years. Doctors in long training programs, such as thoracic surgery, which requires 12 years of medical school and residency, often watch their debt soar after medical school. While they spend years honing specialized skills, interest on their loans compounds, leaving them with daunting bills once they become fully salaried professionals.

The likelihood of surgeons beginning their careers with heavy debt obligations, combined with declining payments from Medicare, has made thoracic surgery less appealing to medical school graduates, say those representing thoracic surgeons.

The Society of Thoracic Surgeons has met with Rep. Charles Boustany Jr. (R-La.) about advancing legislation similar to Dodd's. Boustany is a former thoracic surgeon.