

Philadelphia Medicine



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Challenger Sam Katz



Mayor John F. Street

Both candidates in the imminent mayoral race recognize the vital importance of healthcare to Philadelphia...and especially of keeping physicians here in the city and protecting them against excessive litigation claims and awards. Philadelphia Medicine publisher David Woods interviewed Sam Katz in his spacious 16th floor campaign offices at 17th and Market. Mayor John Street declined to be interviewed...but agreed to answer in writing the same questions that we posed to his challenger.

What is the most important healthcare issue for Philadelphia?

Katz: The medical malpractice issue is a real crisis and cost containment efforts by payers are undermining the quality of healthcare.

Street: While there are several important health care issues facing Philadelphia, the most critical may be the need to reduce the number of Philadelphians without health insurance coverage. This issue must ultimately be tackled by the federal and state governments, but before that happens, the City is taking steps to address this problem.

How important is healthcare to Philadelphia's economy?

Katz: Healthcare is the Number One employer in the city, providing jobs that cover the entire gamut of the city's economic food chain. It serves as the foundation of a knowledge-based industry.

Street: The healthcare industry is a driving force in Philadelphia's economy, employing some 87,000 people in the region. The Philadelphia region is the 3rd largest center for healthcare in the country, according to a 2003 Milken Institute Study. Philadelphia scores particularly high in hospitals, drug manufacturing, health insurance, nursing facilities.

Continued on page 3

PCMS News

Lila Stein Kroser, MD, elected PMS Vice President



The Pennsylvania Medical Society House of Delegates elected Dr. Kroser Vice President at its Annual Meeting, October 18, 2003, in Hershey, Pa. Dr. Kroser will automatically become President-Elect of PMS in October, 2004, and will automatically become President in October, 2005. We congratulate Dr. Kroser.

PAMPAC Endorsement

The Pennsylvania Medical Society Political Action Committee (PAMPAC) has endorsed **Joan Orié Melvin** for the Pennsylvania Supreme Court and **Grainger Bowman, Palmer Dolbin** and **Susan Gantman** for the Pennsylvania Superior Court. All four are **Republican** candidates.

Influenza vaccine reimbursement changes

The Centers for Medicare & Medicaid Services (CMS) has increased the reimbursement rate for influenza vaccine from \$8.02 to \$9.95. This rate increase is retroactive to Sept. 1.

However, it is possible that many physicians may have already administered influenza vaccine and have filed for reimbursement prior to CMS announcing the new reimbursement rate.

The CMS advises physicians in this situation to call their carriers and request adjustments to previously filed claims. This is preferred to re-filing the claim, which could trigger duplicate claim denial.

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HIPAA compliance: Are you making a good faith effort?

A big burden currently facing medical practices is complying with the HIPAA Transaction and Code Sets Rule by the October 16 deadline. A survey conducted by the American Medical Association this past July shows that 22% of physicians surveyed are unsure they can meet the compliance deadline.

The Centers for Medicare and Medicaid Services (CMS) has received considerable pressure to be more flexible in enforcing HIPAA standards. In an August 22 letter to Tommy Thompson, Secretary of Health and Human Services (HHS), the Medical Society urged HHS to establish a contingency plan: "[The Society] is concerned about a major cash flow interruption should payers or providers be unable to conduct standard electronic transactions on the October 16 deadline. Such a payment crisis could have an adverse impact on the delivery of quality health care in Pennsylvania. We believe the federal government must act immediately to avert such a crisis by formulating a contingency plan to mitigate any negative impact associated with the upcoming deadline."

On September 23, CMS announced that it would deploy its contingency plan previously announced on September 11, 2003. Based on the provider's "good faith efforts," the contingency plan permits Medicare carriers to accept non-compliant electronic transactions after the October 16, 2003 compliance deadline. Although Pennsylvania Medicare and Medicaid carriers are HIPAA-compliant, CMS instituted the contingency plan because of concerns that providers, vendors, clearinghouses, and other trading partners will not all achieve compliance by October 16. This contingency plan affects only Medicare and Medicaid carriers. However, CMS is encouraging commercial carriers to assess the readiness of trading partners and implement a contingency plan if appropriate.

"Implementing this contingency plan moves us toward the dual goals of achieving HIPAA compliance while not disrupting providers' cash flow and operations, so that beneficiaries can

continue to get the health care services they need," said CMS Administrator Tom Scully.

Because CMS will determine the "good faith effort" on an individual practice basis, it is crucial that you begin documenting all efforts to comply and to communicate with your trading partners. If CMS verifies that the effort is valid, it will refrain from imposing fines and penalties.

Examples of good faith efforts may include:

- Increased external testing with trading partners
- Lack of availability of, or refusal by, the trading partner(s) prior to October 16, 2003, to test the transaction(s) with the covered entity whose compliance is being questioned

Small practice exception

Although CMS reports that 83 percent of physicians, practitioners, and suppliers already submit claims electronically to Medicare, Medicare will now require larger practices to send their Medicare claims electronically. The Administrative Simplification Compliance Act (ASCA) establishing this requirement was passed in December 2001.

Under ASCA, small practices with fewer than 10 full-time equivalent (FTE) employees are exempt from the electronic Medicare claims requirement. Presently Medicare does not require small practices to submit a waiver in order to be exempted from the electronic billing requirement. This means that practices with fewer than 10 FTEs may continue to submit paper claims to Medicare after October 16. Commercial payers will also continue to accept paper claims.

In general, HIPAA enforcement is initiated by a complaint to the enforcing agency, in this case, the Office of HIPAA Standards. For more HIPAA information, go to www.pamedsoc.org/HIPAA.

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Katz and Street, *from page 1*

ties and allied services. The area's five medical schools make it a world-class center of medical education. We need to preserve and build on that strength.

**Tort reform:
What would you
do?**

Katz: I would bring to my office representatives of the trial lawyers and of the medical community to try to reach a mutually satisfactory agreement.

\$250,000 cap on pain... I really think that's too low. That number was all right for California in 1995...but I'd be reluctant to put a dollar figure on it for Pennsylvania.

Street: I recognize the difficult burden physicians face in keeping up with skyrocketing professional liability insurance costs. Of course, this is an issue being debated and addressed on the state level, so the Mayor's Office does not have a direct impact on the resolution of this important issue.

**What's your
position on
reimbursement
for physicians?**

Katz: We are in a situation in Philadelphia in which one insurance provider controls over 80% of the market. As Mayor I want to find ways to increase competition in this market so that neither doctors nor patients are beholden to one company.

Street: I believe that physicians must receive adequate reimbursement under programs like Medicare and Medicaid so that they are fairly compensated and willing to treat Medicare and Medicaid patients. If reimbursements rates are so low as to create a disincentive to serve publicly-funded patients, many patients will not have access to the care they need.

**How would you
slow or stop
physician flight
from the city —
the medical
“brain drain”?**

Katz: The healthcare economy is very much a part of my agenda. The flight of physicians is very much tied to the twin evils of malpractice litigation and reimbursement of doctors.

Street: We must continue to make Philadelphia a friendlier city for physicians and other small businesses by cutting taxes, reducing regulatory burdens on businesses and streamlining government processes.

**How would you
bring together the
disparate
elements in
Philadelphia
healthcare — the
five med schools,
pharmaceutical
and biotech
industries, health
dept., medical
publishers, etc.?**

Katz: When I was heading up Greater Philadelphia First I put together a coalition of the major healthcare stakeholders. Their interests may differ: for example, Temple University's needs and goals may not be the same as Penn's.

Street: Strengthening the economic foundation of the healthcare industry is one example. The City's partnership on Innovation Philadelphia is focusing on specific healthcare-related technology, but the benefits that can spring from those efforts can spread across the entire healthcare community.

**Do you know
there is a
Philadelphia
County Medical
Society? What do
you know about
it?**

Katz: I certainly do. And, yes, it's important that physicians unite to deal with the issues confronting them and to seek the help of their elected officials.

Street: I am aware of the Philadelphia County Medical Society and its efforts to maintain the standards and ethics of the medical profession. The Society is an important voice on healthcare in Philadelphia, and I am interested in further discussion with its members on Philadelphia's key healthcare issues.

**What do you want
or expect from the
physician
community?**

Katz: The entire healthcare industry is facing a serious crisis brought on by the combination of high medical malpractice insurance premiums and low reimbursement payments. In order to solve this problem, we will need to bring everyone to the table and come up with a solution that will work for Philadelphia.

Street: The physician community has been open to partnerships with the city to address important public health needs. For example, our City Department of Public Health has been reaching out to the private physician community to help guarantee the well-being of the City's youth and children by assisting the City in boosting immunization rates and conducting sexually transmitted disease screenings for teenagers.

**What do you do to
keep fit?**

Katz: I walk my dog every day.

Street: Physical fitness is an important personal commitment of mine. I work out regularly, usually early in the morning.

pcms people



Stephen L. Schwartz, MD, was elected as the Philadelphia Trustee to serve on the PMS Board of Trustees replacing Lila Stein Kroser, MD. Dr.

Schwartz is Immediate Past President of PCMS and chairs the PCMS Caucus to the PMS House of Delegates. He is currently an AMA Delegate. We congratulate Dr. Schwartz.



The Pennsylvania Medical Society House of Delegates re-elected **Joyann A. Kroser,** MD, to a two-year term as a Del-

egate to the American Medical Association. We congratulate Dr. Kroser.



The Pennsylvania Medical Society House of Delegates adopted a memorial resolution acclaiming the many contributions of **Anthony "Tony"**

Bartuska to the PCMS and PMS Alliances. Mr. Bartuska is the late husband of Doris G. Bartuska, MD, PCMS Past President.



On September 17, 2003 the PCMS Membership Committee hosted an educational dinner meeting focusing on the Diagnosis and Treatment of Sinusitis. From left: Sheila Moriber Katz, MD, MBA, PCMS president; guest speaker James Palmer, MD, assistant professor, Department of Otorhinolaryngology, Head and Neck Surgery, Hospital of the University of Pennsylvania; Julian Katz, MD, PCMS past president; Lila Stein Kroser, MD, PCMS past president and former First District Trustee and now Vice President of the Pennsylvania Medical Society. An educational grant was provided by OrthoMcNeil Pharmaceuticals.

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