



# Daily Briefing

“Nation’s news in five minutes”

News for Health Care Executives • Thursday, March 13, 2008

## SPOTLIGHT

### Reversing course, CMS to continue covering CT angiography

CMS yesterday announced that it will continue to reimburse providers for CT angiography to detect heart disease, reversing a proposed decision issued in December 2007 amid misgivings about a lack of medical evidence to justify coverage, the *New York Times* reports.

See story #1

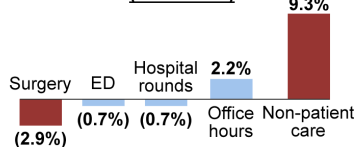
## RESEARCH HIGHLIGHT

### Physicians distracted from revenue-generating activities

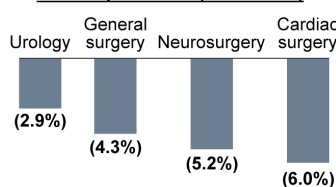
Current practice economics—and future physician earnings potential—are being eroded by ever-greater administrative demands. Physicians’ time is increasingly being spent in non-patient care activities, limiting revenue-generating capabilities. To learn more, please see the Health Care Advisory Board study, *Overcoming Ruinous Competition*.

#### Less time in most-profitable arenas

Change in surgeon time spent, by activity\* (1997-2001)



Annual change in number of clinical hours worked per week\* (2000-2003)



\*CAGR 2000-2003

Source: Physician Compensation & Production Survey, MGMA; Health Care Advisory Board interviews and analysis

## THIS DAY IN BRIEF

### Government to pay \$666M to settle Medicare suit with hospitals

The federal government this week agreed to pay \$666 million to 667 hospitals that had sued CMS and HHS for back payments stemming from a change to Medicare reimbursement policies made more than 20 years ago, the *Wall Street Journal* reports.

See story #2

### Implantable heart devices vulnerable to hackers, researchers say

A team of computer security researchers reported Wednesday that they hacked into a combination defibrillator and pacemaker, indicating that such medical devices may need safeguards to protect against remote-control hacking that might reprogram or shut down the devices.

See story #3

### Aetna to link patient records, medical research online

In an effort to recruit and retain employers concerned about rising health care costs, health insurer Aetna on Wednesday unveiled a new Web-based service that links patients’ personal health records to online medical research, the *New York Times* reports.

See story #4

## FROM THE ADVISORY BOARD

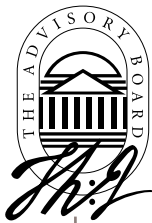
### Prioritizing strategic capital investments to ensure ROI

A new interactive workbook provides a quantitative framework for prioritizing capital requests, particularly in situations of extremely limited budget, to ensure that the most worthy projects are approved for investment by the capital review committee.

See story #5

## NAMES IN THE NEWS

- Baystate Health (Mass.) (#2) ■ Brookwood Medical Center (Ala.) (#7) ■ Chili’s Care Center (Tenn.) (#7)
- Harvard Medical School (Mass.) (#4) ■ Mayo Clinic (Minn.) (#4) ■ Nationwide Children’s Hospital (Ohio) (#7)
- St. Jude Children’s Research Hospital (Tenn.) (#7) ■ Tenet Healthcare (Texas) (#7)
- University of Massachusetts (#3) ■ University of Washington (#3)



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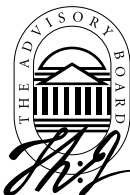
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## ► Today's Headlines

### 1 Reversing course, CMS to continue covering CT angiography

CMS yesterday announced that it will continue to reimburse providers for CT angiography to detect heart disease, reversing a proposed decision issued in December 2007 amid misgivings about a lack of medical evidence to justify coverage, the *New York Times* reports. The test—which can cost \$600 or more out of pocket—is widely used as a noninvasive alternative to procedures such as angiography, which requires catheter insertion and can cost thousands of dollars. While CT angiography has become increasingly popular in recent years, there has been growing concern that scans are being performed in asymptomatic patients, exposing them to unnecessary doses of radiation and significantly raising health care costs; in 2006, Medicare paid for roughly 70,000 of the heart scans at a cost of \$40 million to \$50 million, according to the agency. In its December 2007 announcement, CMS said that it would not pay for the scans unless patients were enrolled in studies designed to test the technology's effectiveness. The *Times* notes that the preliminary decision was met with “fierce resistance” from organizations representing physicians who perform the scans—including the **American College of Cardiology** and the **North American Society for Cardiac Imaging**—and companies that make the equipment which contended that the technology was an “important alternative to conventional angiography” and that the proposal would unfairly limit access for patients not enrolled in studies. In a decision memo issued yesterday, CMS said it would continue to leave payment decisions for the scans to the discretion of local carriers it employs to oversee claims—most of which cover the test—while noting that there remains uncertainty regarding the scans' potential health benefits. In the absence of a Medicare mandate for research to test the scans' efficacy, however, the **Blue Cross Blue Shield Association** said it is less likely that physicians or device makers would be willing to undertake such studies. Others, however, say that research is already underway, with the president-elect of the **Society of Cardiovascular Computed Tomography** noting that “within one year, there will be 10 times as much evidence of the effectiveness” of the procedure (Abelson, *Times*, 3/13 [registration required]).

### 2 Government to pay \$666M to settle Medicare suit with hospitals

The federal government this week agreed to pay \$666 million to 667 hospitals that had sued CMS and HHS for back payments stemming from a change to Medicare reimbursement policies made more than 20 years ago, the *Wall Street Journal* reports. The settlement—roughly two years in the making—is among the largest paid to health care providers by the government, according to the *Journal*. The case relates back to a 1986 Reagan administration decision to change Medicare reimbursement rules to exclude certain low-income patients from the calculation determining whether hospitals are entitled to larger payments for serving disproportionate numbers of low-income patients. Following the change—which “significantly reduced payments,” according to the Associated Press—several hospitals sued to amend the rules and won in 1997. In 2002, Springfield, Mass.-based **Baystate Health** became the first hospital to sue CMS and HHS for back payments for treatments administered in the early 1990s. The case eventually grew to include 667 plaintiffs—mostly not-for-profit hospitals—who prevailed in 2004, when a Washington, D.C., federal judge ruled in their favor. The government lost an appeal in 2005, and in April 2006 also was denied a request for a Supreme Court review. While the lead counsel for 130 of the hospitals said that the plaintiffs are “pleased that the hospitals are getting the money due for services they rendered so long ago,” a CMS spokesperson declined to comment (Won Tesoriero, *Journal*, 3/13 [subscription required]; [AP/Forbes.com](http://AP/Forbes.com), 3/12).

### 3 Implantable heart devices vulnerable to hackers, researchers say

A team of computer security researchers reported Wednesday that they hacked into a combination defibrillator and pacemaker, indicating that such medical devices may need safeguards to protect against remote-control hacking that might reprogram or shut down the devices. The *New York Times* reports that while the study seems “largely theoretical,” because the computer researchers hacked into a device in a laboratory and not one implanted in a human, the breach nonetheless demonstrates a security gap in the wireless technology physicians use to communicate with and program defibrillators and pacemakers. For the study, to be presented in May at a California security conference, researchers from the **University of Washington** and the **University of Massachusetts** used about \$30,000 worth of lab equipment to interpret data gathered from the signals emitted by a combination **Medtronic’s** Maximo combination defibrillator and pacemaker—a device with features typical of implants capable of wireless communication. The researchers demonstrated that the device could be reprogrammed to shut down or deliver jolts of electricity, and that personal data such as a name could be obtained from the device’s tiny wireless radio. The **FDA**—which was informed by the researchers of their findings last month—says it has already been working to improve security standards for the implantable devices, although a spokesperson said the chance of one being hacked “is extremely remote.” While the scientists who conducted the experiment concur that the risk to patients is low, one researcher says he is worried security risks “could increase in the future.” Medtronic, meanwhile, noted that the company has never “encountered illegal or unauthorized hacking of its [wireless] devices” but welcomes the opportunity to “examine security issues” (Feder, *Times*, 3/12 [registration required]; Winstein, *Wall Street Journal*, 3/12 [subscription required]; Goldberg, *Boston Globe*, 3/12 [registration required]).

### 4 Aetna to link patient records, medical research online

In an effort to recruit and retain employers concerned about rising health care costs, health insurer **Aetna** on Wednesday unveiled a new Web-based service that links patients’ personal health records (PHRs) to online medical research, the *New York Times* reports. Piloted among Aetna’s 35,000 employees, the SmartSource program will be offered free-of-charge starting in August to employers that provide health benefits through Aetna. Using data from an online medical search engine and information from enrollees’ insurance claims, Aetna’s system will create medical profiles for each user designed to help members access data pertaining to their illnesses, diagnostic tests, and other health concerns. The *Times* notes that Aetna has joined several other players in the online consumer medical data arena, including Web MD, providers such as the **Mayo Clinic** and **Harvard Medical School**, and Google and Microsoft. Some industry experts, meanwhile, suggest that a program based on claims data may “have limited utility” because they provide only “an echo of events” in members’ medical care and may be 15 to 45 days out of date. Suggesting that Aetna’s resource would offer more accurate and timely data if updated directly by physicians and hospitals following patient visits, a senior health care analyst at the Gartner Group notes Google and Microsoft are already trying to obtain that information. Aetna’s vice president for online programs, meanwhile, says the insurer is working to maximize the use of enrollee data to ensure that individuals are “as engaged as possible in managing [their] health care” (Freudenheim, *Times*, 3/12 [registration required]).

## ► From the Advisory Board

### **5 Prioritizing strategic capital investments to ensure ROI**

Given the capital constraints facing hospitals and health systems today, it remains imperative that investment committees choose wisely among competing projects to ensure that each investment provides the system measurable returns. However, prioritizing capital investments is often difficult, particularly for strategic investments (i.e., those in categories other than infrastructure or maintenance capital) that are positioned in a gray area—between the “no brainer” projects with convincing merit and unanimous support, and the obvious nonstarters.

To address this issue, the Marketing Planning Leadership Council has introduced a new interactive workbook that provides members a quantitative framework for the difficult exercise of prioritizing capital requests. The tool systematically walks members through the process of establishing evaluation criteria, assigning weights to the criteria, and completing individual forced ranking exercises; the tool then structures a methodology for compiling results across all individuals involved in the decision process. Through this structured approach, the tool helps members ensure that the most worthy projects are approved for investment by the capital review committee.

#### **For more information**

For more information about the Capital Prioritization Toolkit and to initiate use of the tool, click [here](#).

### **6 Quality Compass: Helping your institution hit infection control goals**

The Advisory Board is currently evaluating institutions for participation in its Quality Compass cohort, which offers members the ability to receive real-time intelligence regarding infections—by unit, physician and condition; improve antibiotic regimens for patients with infections; and identify the root cause of infections to control outbreaks and reduce overall infection rates.

In addition, members are paired with an Advisory Board dedicated advisor, who is focused on each individual site to help maximize opportunity identification and realization and assist members in tracking their performance relative to benchmarks across key performance indicators. Other cohort services include teleconferences, case studies, and an annual summit meeting.

#### **For more information**

To learn more about Quality Compass or to speak to an Advisory Board representative about how Quality Compass can help your institution hit their infection control goals, please contact Chelsea Fleckenstine at 202-266-5710 or [fleckenc@advisory.com](mailto:fleckenc@advisory.com).

## ► Regional Round-up

### 7 Around the nation: Bite-sized hospital and health industry news



- **Alabama:** Birmingham-based **Brookwood Medical Center** is planning an April 1 groundbreaking on a 249,000-square-foot women's hospital, which will serve as the centerpiece of the medical center's \$150 million expansion project. The plan—approved last month by Brookwood's parent company **Tenet Healthcare**—includes five floors of private patient rooms and treatment space, a medical office building, and additional OR space. Designed to be environmentally friendly, the women's hospital is scheduled to open in 2010 (Thornton, [Birmingham News](#), 3/12).
- **Kentucky:** Under a bill passed unanimously this week by the state House of Representatives, insurers would be required to offer parents the option of including unmarried adult children up to age 25 on their health insurance policies for an additional charge. The bill—supported by the Kentucky Medical Association—would also require insurers to give health care providers more specific fee schedules and provide 90 days' notice before changing payment rates. The measure will now head to the state Senate for consideration ([Courier-Journal](#), 3/11).
- **Ohio:** A coalition of children's advocates is urging **Nationwide Children's Hospital** in Columbus to drop plans to name its new ED and trauma center—scheduled for completion in 2012—after the clothing retailer Abercrombie & Fitch following a \$10 million donation from the company. The *New York Times* notes that while about a dozen U.S. hospitals have corporate or sponsor names, the coalition—composed of 15 organizations and 80 individuals, including pediatricians—asserts that Abercrombie & Fitch “routinely relies on highly sexualized marketing to target teens and preteens” and should not be “linked with healing.” The Associated Press reports that while the hospital has previously referred to the project as the Abercrombie & Fitch Emergency Department and Trauma Center, hospital officials say they have not determined whether the company's name will appear on signage in and around the ED. The president of the Nationwide Children's Hospital Foundation, meanwhile, challenges the coalition's suggestion that the hospital decided to “sell naming rights” to Abercrombie & Fitch, noting that the hospital “as a nonprofit accepts gifts to support [its] mission” (Elliott, [Times](#), 3/12 [registration required]; Leingang, [AP/Atlanta Journal Constitution](#), 3/11).
- **Tennessee:** **St. Jude Children's Research Hospital** is planning a \$16.5 million renovation to the interior of the main patient care building on its downtown Memphis campus in which the hospital will improve exam rooms, build private treatment areas, and consolidate pharmacy operations on the first floor. Additionally, the renovation will make room for the hospital's blood disease unit currently housed in an outlying building. The plans—which still require state approval—follow the relocation of St. Jude's radiation oncology unit from the main patient building to the \$134 million **Chili's Care Center**, a patient care and research building that opened in November (Connolly, [CommercialAppeal.com](#), 3/12).

## ► Endnotes

### 8 Et cetera

#### **Amphibian find: Compound mimicking frog skin secretion may treat type 2 diabetes**

A synthetic version of a compound secreted in the skin of the South American “shrinking frog” could be used to develop new drugs to treat type 2 diabetes, *BBC News* reports. Testing both natural and synthetic versions of the pseudin-2 compound—which protects the frog from infection—scientists from the University of Ulster and United Arab Emirates University found that the synthetic version stimulated secretion of insulin in pancreatic cells in a laboratory setting without any toxic cellular side effects. According to the lead study author, the findings are part of a growing body of research involving “natural anti-diabetic drug discovery” from amphibian skin secretions. He cites a diabetes drug developed recently from a hormone in the saliva of the Gila monster, a lizard found in northern Mexico and the southwestern United States.

—[BBC News](#), 3/3