

Daily Briefing

“Nation’s news in five minutes”

News for Health Care Executives • Wednesday, March 26, 2008

SPOTLIGHT

Medicare trustees again forecast insolvency by 2019, urge action

For the second consecutive year, the Medicare trustees warned in an annual report that the program’s hospital insurance trust fund would be exhausted by 2019 and renewed calls for action amid evidence that general taxpayer revenues would account for more than 45% of program spending by 2013 for the third year in a row, *CQ Today* reports.

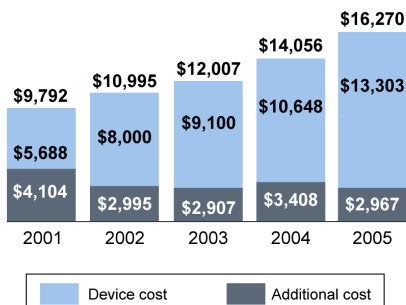
See story #1

RESEARCH HIGHLIGHT

An era of strained margins

Perhaps no surgical service has been hit harder by growing implant costs than spine. Particularly with the advent of biologics such as bone morphogenic protein, programs without favorable payer carve-out arrangements have seen margins crash in recent years. To learn more, please see the Innovations Center’s *Future of Neurosciences* study.

Lumbar fusion direct procedure costs*



*Direct costs derived from Innovations Center Futures database; implant costs from Orthopedic Network News estimates

Source: Orthopedic Network News; Innovations Center Futures database, 2007

THIS DAY IN BRIEF

Preterm birth linked to long-term health risks, problems

Infants born preterm face much broader long-term health quality issues than previously thought, including increased childhood mortality risks, lower educational achievement, lower rates of reproduction, and an increased likelihood that future offspring will be born preterm and with complications, according to a study in today’s *JAMA*.

See story #2

Survey reveals health costs cause Americans to skip necessary care

One-third of Americans—including those with health insurance—forgo necessary medical care because of high health care costs, and one-quarter of Americans say they have “serious problems” paying for the care they need, according to a new survey from the AFL-CIO.

See story #3

Network to offer medication alerts to physicians via email

A not-for-profit called the iHealth Alliance is launching an online network that will e-mail pharmaceutical alerts to participating physicians, the *Wall Street Journal* reports.

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FROM THE ADVISORY BOARD

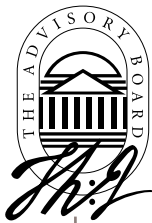
Enhancing service excellence to improve patient experience

Health Care Advisory Board research presents 12 best practices, as well as implementation toolkits for reinvigorating the service effort through instilling a culture of service, minimizing service flashpoints, and redefining the care experience.

See story #5

NAMES IN THE NEWS

- Advocate Good Samaritan (Ill.) (#6) ■ Chelsea Community Hospital (Mich.) (#7) ■ Day Kimball Hospital (Conn.) (#6)
- Duke University Medical Center (N.C.) (#2) ■ Greenville Hospital (N.J.) (#7) ■ Jersey City Medical Center (#7)
- Legacy Health System (Wash.) (#7) ■ Liberty Health System (N.J.) (#7) ■ Nassau University Medical Center (N.Y.) (#7)
- St. Joseph Mercy Health System (Mich.) (#7) ■ Self Regional Healthcare (S.C.) (#6)
- Southwest Washington Medical Center (Wash.) (#7) ■ University of Pennsylvania (#8)



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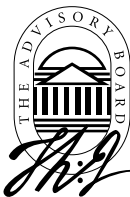
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► Today's Headlines

1 Medicare trustees again forecast insolvency by 2019, urge action

For the second consecutive year, the Medicare trustees warned in an annual report that the program's hospital insurance trust fund would be exhausted by 2019 and reissued a "Medicare funding warning" amid evidence that general taxpayer revenues would account for more than 45% of program spending by 2013 for the third year in a row, *CQ Today* reports. While this year's report on the financial outlook for Medicare and Social Security largely mirrors the projections made in last year's report (see related coverage in the April 24, 2007, [Daily Briefing](#)), the trustees add that the Medicare Part A hospital trust fund will likely be expended slightly earlier in 2019 than the trustees projected last year. Noting that Medicare's hospital insurance trust fund will pay out more benefits than it receives in taxes this year, the trustees projected Medicare spending will increase from 3.2% of the nation's Gross Domestic Product (GDP) in 2007 to roughly 10.8% of the GDP by 2082, slightly less than they predicted last year. The report adds that an immediate 122% payroll tax increase or an immediate 51% cut in benefits could return Medicare to actuarial balance, but Reuters notes that congressional Democrats are unlikely to support such measures. Additionally, the trustees project a "steep" increase in a separate Medicare trust fund that pays for physician services and other outpatient care, although they contend that the physician fund should not run out of funds because it has access to general revenue under federal law. Beneficiaries' premiums also can be re-adjusted each year to cover about 25% of the expected costs of this part of Medicare, known as Medicare Part B, the *New York Times* reports. However, the trustees said that projections for the standard part B premium—which increased 64% in the last five years to \$96.40 a month and will remain at that level in 2009 and 2010 under the existing formula—are "unrealistic" because they depend on proposed cuts to physician Medicare payments that Congress usually blocks, according to the *Times*.

Saying that the trustees' most recent report is likely to "reignit[e] debate in Washington on overhauling the huge retirement programs to meet the demands of the baby boom generation," *CQ* adds that the report could prompt the presidential candidates to focus on strategies to address Medicare insolvency. Saying that only immediate action can forestall progressively larger Medicare shortfalls, Treasury Secretary and trustee member Henry Paulson adds that Medicare already poses a "greater financial challenge than Social Security" as the baby boomer generation ages, noting that "the coming demographic bulge will jeopardize the ability of [Medicare and Social Security] to support people who depend on them" (Wayne, [CQ Today](#), 3/25 [subscription required]; Pear, [Times](#), 3/26; Crutsinger, [Associated Press](#), 3/26; Lawder, [Reuters](#), 3/25).

2 Preterm birth linked to long-term health risks, problems

Infants born preterm face much broader long-term health quality issues than previously thought, including increased childhood mortality risks, lower educational achievement, lower rates of reproduction, and an increased likelihood that future offspring will be born preterm and with complications, according to a study in today's *JAMA*. While previous research has documented that preterm birth—the leading cause of infant mortality—is associated with several long-term and chronic disabilities, today's study is thought to be the largest of its kind to examine the long-term consequences of premature birth. For the study, researchers from **Duke University Medical Center** and the Norwegian Institute of Public Health analyzed data from a Norwegian population-based registry containing birth and death information for 1,167,506 babies born between 1967 and 1988; the researchers also collected mortality data on these infants through 2002 as well as educational and reproductive outcomes for babies born from 1967-76 through 2004. According to the findings, males

born between 22 weeks and 27 weeks of gestation had the highest rates of childhood death, and were 5.3 times more likely to die in early childhood and 7 times more likely to die during late childhood compared with male infants born at term. Males born between 28 weeks and 32 weeks also faced greater risks of childhood deaths. Females born between 22 weeks and 27 weeks were 9.7 times more likely to die during early childhood, however, increased mortality risks did not extend to late childhood death or to females born between 28 weeks and 32 weeks. Noting that men generally have higher absolute mortality rates than their female counterparts, the researchers said it is not surprising that mortality rates for preterm males are higher than rates for girls across every age group. The study also found that men born between 22 weeks and 27 weeks were 76% less likely to reproduce, while women born at the same age were 67% less likely to reproduce. Meanwhile, women who did reproduce also experienced an increased risk having preterm children, a finding that did not extend to men.

Noting that preterm birth is associated with psychosocial and economic factors in addition to biological factors, the researchers found that the survivors of preterm birth examined in this study were also much more likely to have lower educational achievement compared with those born at term—a finding that is consistent with previous studies associating low birth weight with lower social class, income, and rate of marriage. However, the researchers note that it is “unclear whether this is the result of being born preterm or of being born into a high-risk social setting with poor prenatal education.” Saying that preterm survival is improving because of prenatal and neonatal care and interventions, the study’s lead author concludes, however, that these advances could be “adversely affecting the overall health and quality of life in the long run.” Accompanying editorialists from the **CDC**, meanwhile, say that the findings “may help doctors to manage adult health and reproductive conditions for future generations” (Swamy et al., *JAMA*, 3/26 [subscription required]; Adams/Barfield, *JAMA*, 3/26 [subscription required]; Duke University [release](#), 3/25; Gordon, *HealthDay*, 3/25).

3 Survey reveals health costs cause Americans to skip necessary care

One-third of Americans—including those with health insurance—forgo necessary medical care because of high health care costs, and one-quarter of Americans say they have “serious problems” paying for the care they need, according to a new survey from the AFL-CIO. A total of 26,419 people—most of whom are insured, are employed, and are college graduates—completed the online survey across seven weeks between January and March of this year. Shedding light on the high costs of care, more than 50% respondents who have health insurance reported that their insurance did not cover the care they need at an affordable price; specifically, 52% of insured respondents said that prescription drugs are not covered or are unaffordable, while 41% said preventive care is not covered or is unaffordable. Among the uninsured, meanwhile, 76% reported that someone in their family did not visit a physician when they were sick during the past year because of cost and 66% reported that they skipped medical treatment or follow-up care recommended by a physician. Indicating that affording health care is a key concern for respondents, 95% of those surveyed reported they were “somewhat or very concerned” about being able to afford health care in the future, while 95% also responded that the health care system needs fundamental changes or a complete overhaul. Additionally, 79% of survey respondents expected that health care will be a top issue in this year’s presidential election.

Noting that most respondents are insured and are college graduates—segments of the population that would expect to have “positive experiences” with the health care system—the president of the AFL-CIO said the results paint “a devastating picture of a health care system that costs too much.” Commenting on the survey, the executive vice president of the **Commonwealth Fund** noted that in addition to growing concerns about access and costs among the insured, “we are also seeing a lack of

confidence in the U.S. health care system overall.” However, one critic of the findings—the executive vice president of **America’s Health Insurance Plans**—contends that the data conflicts with previous research suggesting that those who do have private health-care coverage are very satisfied” (AFL-CIO report, 3/25; Reinberg, *HealthDay*, 3/25).

4 Network to offer medication alerts to physicians via e-mail

Seeking to update the “antiquated” way physicians are notified about prescription drug warning and label changes, a not-for-profit called the iHealth Alliance is launching an online network that will e-mail pharmaceutical alerts to participating physicians, the *Wall Street Journal* reports. Currently, physicians receive notices about drug warnings and label changes from pharmaceutical companies via the U.S. postal service, a method that physicians deem inefficient and time consuming. As part of the new system—which will be operated by the for-profit Medem Inc. founded by the **American Medical Association** and six other medical societies in 1999—participating physicians will receive email notices about drug warnings and label changes tailored by specialty. Slated to begin in the next two months, the notifications will be free for physicians and limited to alerts about medical label changes, warnings, and recalls; all pharmaceutical marketing materials will be excluded. After signing up for the system—which pharmaceutical companies must pay to use—physicians will gain access to the Health Care Notification Network, which archives drug alerts for one year and records whether physicians have visited the site to view the notices. Physicians will also have access to resources including suggested language for explaining alerts to patients and a tool to send feedback about patients’ drug reactions to the **FDA** or manufacturers. The *Journal* also notes that eventually, the site may be used to alert physicians in the event of a major public health emergency. According to Medem, five major drug makers have already requested contracts to begin using the system, though none are yet official. Physicians can sign up for iHealth Alliance at www.hcnn.net, while consumers can create a personal health record at www.ihealthrecord.org to receive similar notifications about drugs that they are taking (Rubenstein, *Journal*, 3/25 [subscription required]).

► From the Advisory Board

5 Enhancing service excellence to improve patient experience

Given the challenges of maintaining service levels in light of staff shortages and budget constraints, the Health Care Advisory Board has published research on enhancing service excellence. The study, *Service Amidst Shortage*, profiles 12 best practices for reinvigorating the service effort, organized around three key strategies: instilling a culture of service, minimizing service flashpoints, and redefining the care experience. Also included are toolkits with such items as sample unit and individual action plans, peer review forms, and patient interview guides. The study also includes an implementation guide that offers worksheets, collateral materials, and triaging tools to test applicability and facilitate effective adoption of each practice.

For more information

For more information about the research initiative and to access an electronic copy of the research, click [here](#). To order a copy of the publication, click [here](#).

6 H*Works to host two complimentary revenue teleconferences

H*Works Consulting has announced two teleconferences in the Revenue Cycle space open to all interested parties: “Implementing Rapid Revenue Cycle Redesign” and “Effective Point of Service Cash Collections.”

“BEST PRACTICES IN IMPLEMENTING RAPID REVENUE CYCLE REDESIGN”

A facilitated discussion led by H*Works will focus on strategies to ensure your hospital is able to improve both revenue capture and patient satisfaction amongst growing uninsured and under-insured patient populations. Christa Durand, the CFO of **Day Kimball Hospital** and Cammie Paterson, the CFO of **Self Regional Healthcare**, will share lessons learned from best practice implementation to enhance revenue cycle performance. This discussion will highlight how both organizations were able to leverage a disciplined approach to best practice installation to achieve lasting, patient-friendly gains in patient access and patient financial services performance. The call will include limited presentation material to allow ample time for questions and answers from call participants. **This teleconference will be held on April 15 from 3 p.m. to 4 p.m. EDT.**

“A SPOTLIGHT ON EFFECTIVE POINT OF SERVICE CASH COLLECTIONS”

This teleconference will focus on how to align your patient access department to optimize performance through the implementation of best practices, infrastructure redesign, and performance incentives. H*Works is pleased to be joined by current and top performing member institution, **Advocate Good Samaritan**. Peter Bury, the chief financial officer, and Rose Lepore, the director of patient access, will share knowledge and insight on how patient access redesign with a strong focus on hardwiring point of service cash collections improved performance across the department. The discussion will include information around timeframe, process redesign steps, and communication strategies put in place for positive lasting results. The conference will include a short presentation on best practices, a case study, and a question-and-answer session. **This teleconference will be held on May 8 from 3 p.m. to 4 p.m. EDT.**

For more information

To learn more about registering for the Web-enabled H*Works Teleconference or other offerings in the H*Works portfolio, please contact Neha Sharma at sharman@advisory.com or 202-266-6463.

► Regional Round-up

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



- **Michigan:** With the signing of a letter of intent last week, **St. Joseph Mercy Health System** is moving ahead with plans to purchase the 113-bed **Chelsea Community Hospital**. The two organizations—which have collaborated for decades—will explore bringing new programs to Chelsea, such as for heart and cancer care, for an undisclosed amount (Anstett, [Detroit Free Press](#), 3/25).
- **New Jersey: Greenville Hospital** in Jersey City has received CON approval from the state health commission to close on April 23 amid annual losses of roughly \$4 million. The 100-bed facility will join five other acute care facilities that have closed in the state across the last 18 months because of financial difficulties. All services provided at Greenville will be available

less than three miles away at **Liberty Health System's** flagship hospital, **Jersey City Medical Center**. The health system, which also owns Greenville, has promised an “orderly transition of medical services to other facilities” (Stewart, [Newark Star-Ledger](#), 3/25).

- **New York: Nassau University Medical Center** this week announced a \$55 million expansion that will double the size of the facility's ED and remodel the radiology department and the Comprehensive Psychiatric Emergency Program's quarters. Slated for completion by early 2011, the ED project includes plans for a one-story addition that will increase the number of treatment rooms from 43 to 82. Additionally, the expansion will include an acute adult care area, a pediatric treatment room, a fast track unit, a critical care Level I Trauma unit, OB/GYN and crisis intervention areas, as well as new imaging rooms for MRI, CT, ultrasound and other radiology functions. The existing ED, meanwhile, will be remodeled to house the psychiatric emergency program (Weir, [New York Daily News](#), 3/24).
- **Washington: Southwest Washington Medical Center** and **Legacy Health System** are providing on-site perioperative nursing internship programs in an effort to fill OR nursing spots with their own registered nurses (RNs). Southwest's program—launched in 2005—recently graduated five nurses from its 18-week internship program who are now undergoing a four- to six-month orientation before becoming full-time OR nurses. The facility hopes to train as many as 10 RNs annually to work in the OR. Legacy, meanwhile, offers additional in-house internship programs in acute care, critical care, and emergency services (Craig, [Seattle Times](#), 3/23).

► Endnotes

8 Et cetera

Pillbox upgrade: 'Smart' pillboxes help patients on multiple medications

Patients who take multiple medications are turning to 'smart' pillboxes to help manage their medication regimens and reduce errors, *USA Today* reports. The trend comes as a recent *Archives of Internal Medicine* study found that as more new drugs are approved each year by the **FDA**, the number of serious side effects and fatalities from dangerous drug mixes and accidental double doses more than doubled across an eight-year period. More than 2 million serious adverse drug reactions occur annually and are responsible for about 100,000 deaths each year, according to the FDA. Patients and caregivers seeking help managing medications can now, however, choose from a growing number of devices such as the Med-eMonitor. The purse-size gadget connects to a drug database via a phone line and is programmed remotely over the Internet. A voice announces when its time to take a medication, reminds users when they miss a dose, and warns of potentially dangerous drug interactions; the device also beeps and flashes a message on the large-print display screen when its time to take a drug. According to the Med-eMonitor inventor, a physician and board chairman at the **University of Pennsylvania's** Institute of Aging, device users in a clinical trial had a 90% compliance rate with their drug regimen. While noting the 'smart' devices may help older patients continue to live independently, experts warn that they can be pricey—often costing hundreds of dollars—and are not always covered by insurance.

—Marcus, [USA Today](#), 3/20