



# The Pulse of CMS

“A quarterly regional publication for health care professionals”  
Serving Alaska, Idaho, Oregon and Washington.

## Hospital Quality Data Goes Live on CMS Website

On November 30, 2004, CMS posted its hospital quality data on the CMS website. The "Hospital Refresh," the official name given to the posting of this hospital quality data, features data from 99 percent of the nation's hospitals which they submitted last summer. The data is scheduled to be placed on a website for consumers by the end of March 2005. For this posting, the hospital performance scores are based on data submitted and successfully accepted into the QIO Clinical Warehouse. The ten "Starter Set" quality measures for which data will be available for all hospitals that have signed on will be based on data for discharges that took place in the first and second quarters of 2004. The additional seven Hospital Quality Alliance measures, quality data that will be posted for those hospitals that are participating in the voluntary hospital quality effort, will be based on data for discharges from the second quarter of 2004. In preparation for the Hospital Compare web site, CMS hosted a Hospital Compare Satellite Broadcast on March 10. This broadcast helped attendees become familiar with the website, and was similar to the ones held in preparation for the Home Health Quality Initiative (HHQI) and the Nursing Home Quality Initiative (NHQI) launches. For more information on hospital quality data, please visit the CMS website:  
<http://www.cms.hhs.gov/quality/hospital/>.

## Flu Medicines to Be Covered by Medicare

Seniors who get the flu can get assistance to help pay for antiviral medicines under a demonstration project announced on January 7 by CMS Administrator Mark B. McClellan, M.D., Ph.D. Dr. McClellan stated, "There are prescription drugs that have been proven to prevent the flu and its serious complications, and Medicare is taking steps to make these drugs more affordable." He went on to state, "This demonstration project will provide useful evidence on how prescription drug coverage affects the health and costs for Medicare beneficiaries ahead of the drug benefit in 2006."

The Influenza Treatment Demonstration provides coverage to all Medicare beneficiaries, (including traditional Part B, Medicare Advantage, and Drug Discount Card participants), for FDA-approved drugs for the treatment and targeted prevention of influenza. Specifically, Medicare will cover up to two prescriptions for certain anti-viral drugs when furnished to a beneficiary with symptoms of influenza or as prophylaxis for a beneficiary exposed to a person with a diagnosis of influenza, or to a beneficiary in an institution where there has been an outbreak of influenza. However, the demonstration

does not cover these anti-viral drugs for general prophylactic use. The following drugs (including, when applicable, generic equivalents) are included in the demonstration: **Amantadine; Zanamivir; Oseltamivir; and Rimantadine.**

The demonstration is effective as of January 2005 and will continue for dates of service through May 31, 2005. All claims for drugs furnished under this demonstration must be filed no later than December 31, 2005. The project is designed to determine whether coverage for these medicines can significantly reduce the impact of flu on Medicare beneficiaries, especially those currently without drug coverage.

The Medicare allowed amount for these demonstration drugs will be based on the lesser of the submitted charge or 95 percent of the average wholesale price (AWP) for brand name drugs covered under this demonstration. For drugs marketed as generics, the allowed amount will be based on the lesser of the submitted charge or 90 percent of AWP.

Anyone wishing more information about this demonstration may contact  
[Flumedemo@cms.hhs.gov](mailto:Flumedemo@cms.hhs.gov).



Did you know you can find up-to-date program information about Medicare right at your fingertips? The [Physician Information Resource](#) section of the CMS website features the most recent "Medlearn Matters" articles, as well as an archive for past issues. You will also find the CMS online manual system, information on the physician fee schedule, enrollment news, and dozens of other topics. Make sure to bookmark this page and visit it frequently so you will always be "in the know" about the latest in Medicare.

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## More Drugs Covered Under Section 641 Demo!!

CMS has added three drugs to those covered under the Medicare Replacement Drug Demonstration. The new drugs are:

- **Tarceva**, for treatment of non-small cell lung cancer
- **Enbrel**, for treatment of psoriasis
- **HP Acthar Gel**, for treatment of multiple sclerosis

There are still many enrollment slots available. Visit the [CMS website](#) for a complete list of covered drugs, as well as an application package.

## Nursing Home Quality

On December 22, 2004, CMS marked the second anniversary of the Nursing Home Quality Initiative (NHQI) with a national press conference highlighting the success of the Initiative hosted by outgoing HHS Secretary Tommy Thompson. Quality Improvement Organizations (QIOs) across the country issued local press releases in conjunction with the event featuring success stories of nursing homes that showed improvement in the quality of care they delivered. The NHQI, which was launched in November 2002, is a national effort on the part of the government and private sector partners to increase the quality of care delivered to nursing home residents. The Initiative has been a success for three key quality measures:

- National rate for chronic pain has decreased 38 percent;
- Physical restraint use has decreased 23 percent; and
- Post acute pain has decreased 11 percent.

Many states have also succeeded in reducing the incidence of pressure sores in their states' nursing homes, a trend that is expected to spread. CMS is leading the effort to bring improvement with this quality measure nationwide by working in conjunction with the private sector and industry stakeholders. These partners will study best practices where success has been realized, convene study groups, and develop methods that will move the nation forward with this issue. The QIOs play a key role in the initiative by working intensively with nursing homes in their states. As the initiative enters its third year, CMS expects to see additional improvement in the area of pressure sores, as well as continued success with other measures.

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## Focus on MMA: Mark Your Calendars!!

Between now and January 1, 2006, the new regional Medicare Advantage plans and the new Medicare prescription drug programs will begin. In the interim, CMS has received many managed care applications and expansion applications that will be implemented in 2005. CMS will provide a variety of events, education and training for beneficiaries and providers in the upcoming months in anticipation of the upcoming changes to the Medicare program. By early fall, CMS will award bids to prescription drug plans (PDPs) and Medicare Advantage (MA) plans, and Medicare beneficiaries will be able to begin choosing from the plans available to them. Prescription drug coverage and low-income subsidies will begin on January 1, 2006. The timeline below highlights the major events to come.

**June 6, 2005:** Deadline for PDP and MA plan bids.

**July 1, 2005:** States and Social Security Administration begin accepting low-income subsidy applications. Applications will be responded to within three weeks of receipt.

**Late summer and early fall:** Employers send written disclosures to retirees with prescription drug coverage informing them of their options.

**September 2005:** CMS awards bids to PDPs and MA-PDs.

**September 30, 2005:** Deadline for employer plan sponsors to apply for retiree drug subsidy payment for 2006.

**October 15, 2005:** By this date, CMS will provide information comparing prescription drug benefit coverage to beneficiaries by mail or 1-800-MEDICARE.

**November 15, 2005-May 15, 2006:** First coordinated election period for prescription drug benefit enrollment for all beneficiaries.

**December 31, 2005:** Sunset begins for Medicare drug discount card program.

**January 1, 2006:** Prescription drug benefit coverage begins for all beneficiaries enrolled in a plan. Prescription drug coverage ends under Medicaid and new low-income subsidies for prescription drug coverage begins under Medicare. Retiree drug subsidy program begins. System for billing and benefit coordination for determining beneficiaries' true out-of-pocket costs implemented.

**January 1, 2006-December 2007:** New Medicare regional preferred provider organizations begin to be rolled out. During this time, there will be a moratorium on forming new Medicare local preferred provider organizations. However, Medicare HMOs will continue to be formed during this time period.

**January 1-June 30, 2006:** Open enrollment period for MA eligible individuals.

**May 15, 2006:** Last day to enroll in a prescription drug plan without incurring a higher premium.

**November 15 - December 31, 2006:** Annual coordinated election period for 2007 prescription drug benefit enrollment for all beneficiaries.

## CMS & Noridian on the Road in Oregon

The Seattle Regional Office, Noridian Administrative Services, and the Oregon Medical Association will visit nine cities in Oregon during the months of April and May. With numerous changes to the Medicare program on the horizon, the visits will focus on helping providers understand how to access needed

information and guidance on 2005 Medicare updates, including manuals and bulletins available on its website. CMS will give an overview of the Medicare Prescription Drug Benefit, while Noridian representatives will answer specific questions and provide assistance on claims issues.

## MMA Demonstration

On December 14, 2004, CMS announced that Medicare will support two new demonstration projects to improve the early detection and treatment of cancer and reduce health disparities among minority Medicare beneficiaries, including American Indians, Alaskan Natives, Eskimos, Aleuts, Asian Americans and Pacific Islanders, African Americans, and Hispanic Americans.

"Better treatments are helping Americans live longer and better lives, but some Americans are not sharing fully in these improvements in health, and are bearing an unequal burden of disease," said CMS Administrator Mark B. McClellan, M.D., Ph.D. "As we bring Medicare's benefits up to date, we are going to take new steps to make sure that all of our beneficiaries regardless of their background get the most out of them."

Medicare is inviting participation from chronic care management organizations, health insurers, physician group practices, coordinated care services providers, provider-sponsored organizations, academic medical centers, comprehensive cancer centers, special population networks, community clinical oncology programs, community-based health organizations, community health centers, federally qualified health centers and minority institutions.

The solicitation focuses on three components of cancer services: screening, diagnosis, and treatments. Four cancers are targeted: breast, cervical, colorectal, and prostate. Through participation in these demonstration projects, beneficiaries should receive more timely cancer screening tests, diagnoses, and treatments, recognize an overall improvement in access to this care, and should increase their satisfaction with the healthcare system.

Information about applying to participate in these demonstrations can be found at the [demonstration page](#) of the CMS website.

## Prescriptions Go High-Tech with e-Prescribing

In advance of the new Medicare drug benefit that will go into effect on January 1, 2006, HHS Secretary Mike Leavitt announced proposed regulations supporting the use of electronic prescriptions, enabling physicians to transmit a prescription electronically to the patient's choice of pharmacy. The regulations also enable physicians and pharmacists to obtain from drug plans patient eligibility information as well as medication history. Having this information at the point of care makes writing and filling prescriptions easier and quicker and it allows physicians and pharmacists to make informed decisions about appropriate medications.

The proposed e-prescribing regulations will adopt standards for:

- Transactions between prescribers and dispensers for new prescriptions, prescription refill request and response, prescription change request and response, prescription cancellation request and response, and related messaging and administrative transactions.
- Eligibility and benefits inquiries and responses between drug prescribers and prescription drug plans.
- Eligibility and benefits inquiries and responses between dispensers and Part D sponsors.
- Formulary and benefit coverage information, including information on the availability of lower cost, therapeutically appropriate alternative drugs, if certain characteristics are met.

The proposed regulations are an important part of the prescription drug benefit, signed into law by President Bush in December 2003. As part of the benefit, Medicare will require drug plans

participating in the new prescription drug benefit to support electronic prescribing but it will be voluntary for physicians and pharmacies. Additional standards will be tested through a pilot project and recommended for adoption in a final rule to be issued no later than April 1, 2008, and which will take effect no later than one year from the date the standards are issued. Participation by physicians in e-prescribing will be optional, but the establishment of standards and steps to encourage the adoption of effective e-prescribing programs will make e-prescribing more attractive.

"We are committed to widespread use of e-prescribing as quickly as possible," said Mark B. McClellan, M.D., Ph.D., Administrator of the Centers for Medicare & Medicaid Services (CMS). "In issuing these proposed rules today, seven months ahead of the deadline set by the Medicare Modernization Act (MMA), we are laying the foundation for having major e-prescribing standards in place when the Medicare drug benefit begins."

E-prescribing can improve patient safety and reduce avoidable health care costs by decreasing prescription errors due to hard-to-read physician handwriting and by automating the process of checking for drug interactions and allergies. E-prescribing can also help make sure that patients and health professionals have the best and latest medical information at hand when they make important decisions about choosing medicines, and enabling beneficiaries to get the most benefits at the lowest cost.

CMS plans to have the standard in place by January 1, 2006, so they will be ready for immediate use when the drug benefit takes effect. The proposed rule is currently on display in the Federal Register, and comments will be accepted until April 5, 2005.

## HIPAA Security Deadline Approaches

By April 20, 2005 all covered entities under the Health Insurance Portability and Accountability Act or HIPAA (except small health plans) must ensure the security of electronic protected health information. Small health plans have until April 20, 2006 to meet the HIPAA security standards. The HIPAA Security Rule outlines the administrative, physical and technical safeguards that a covered entity must implement to be in compliance.

The security requirements were designed to be technology-neutral and scalable from the very largest

of health plans to the very smallest of provider practices. Covered entities will find that compliance with the Security Rule will require an evaluation of what security measures are currently in place, an in-depth risk analysis, and a series of documented solutions derived from a number of complex factors unique to each organization. A copy of the rule may be downloaded from the [HIPAA section](#) of the CMS website.

## Region X Welcomes New Pharmacist

CMS Region 10 Division of Medicare Operations recently hired a pharmacist, Jo Wyeth, PharmD., who brings a wealth of experience in the pharmacy field. The Regional Office is looking forward to her expertise in interpreting a variety of Medicare policy areas involved with the new Medicare Prescription Drug Coverage which will be implemented in January 2006. Jo will be performing outreach on her own as well as teaming with CMS Region 10 staff to meet with pharmacists, Medicare's newest partners, and other medical providers as well as Medicare Advantage plans in Region 10's four-state area to discuss the Part D drug benefit and formulary, its integration with Medicare Advantage plans, and Part B drug issues. Jo will also be part of a national CMS team of pharmacists assigned to review the new Part D Plan applicants' formularies.

Prior to accepting her assignment to CMS, Jo worked for the Food & Drug Administration as a Consumer Safety Officer in the Office of Drug Safety. She has experience as Secretary of the Mayo Clinic-Rochester Pharmacy and Therapeutics Formulary Subcommittee. As a Chief Pharmacist with an Indian Health Service Facility, she assisted the organization in developing an area drug formulary and guidelines for therapeutic drug interchange and disease management programs. Jo has also worked as a drug information specialist in a hospital pharmacy service.

Jo Wyeth is available at 206.615.2430 and [jwyeth@cms.hhs.gov](mailto:jwyeth@cms.hhs.gov).

### Information Disclaimer:

The information provided in this newsletter is intended only to be general summary information to the Region X provider community. It is not intended to take the place of either the written law or regulations.

### Links to Other Resources:

Our newsletter may link to other federal agencies. You are subject to those sites' privacy policies. Reference in this newsletter to any specific commercial products, process, service, manufacturer, or company does not constitute its endorsement or recommendation by the U.S. government, HHS or CMS. HHS or CMS is not responsible for the contents of any "off-site" resource identified.

## Washington Physician Group Included in "Pay-for-Performance" Initiative

The Everett Clinic in Everett, Washington, has been selected by CMS as one of ten medical group practices across the United States, and the only one on the West Coast, to participate in a three-year Physician Group Practice (PGP) demonstration. This project is the first pay-for-performance initiative for physicians under the Medicare program and is designed to test whether financial incentives will control costs. The PGP demonstration gives physician groups an opportunity to demonstrate that improving care for chronically ill and high cost beneficiaries through disease and case management programs coupled with an increased use of information technology also saves money. Under the demonstration, physician groups will continue to be paid on a fee-for-service basis, but will also receive a bonus if cost and quality targets are met. This project differs from Medicare's current payment system which reimburses physicians on the number and complexity of specified services and procedures they provide. A cost savings must be shown relative to expected growth in Medicare costs in the local market in which the group practice is located. Bonuses will be paid from a bonus pool derived from Medicare savings generated by the PGP.

"We want to be on the front-end of pay-for-performance initiatives", said Rick Cooper, CEO of The Everett Clinic. "Not enough attention is based on rewarding physicians for providing high quality

care and we plan to share the value of the project's quality measures with the medical community," he continued.

Because chronic illnesses account for a significant proportion of Medicare expenditures the PCP demonstration will use 32 quality measures that focus on common chronic illnesses in the Medicare population, including congestive heart failure, coronary artery disease, diabetes, hypertension, as well as preventive services such as influenza and pneumonia vaccines and breast cancer and colorectal cancer screenings. The 14 disease management quality targets model those used by managed care organizations and other commercial payers.

Physician groups were selected through a competitive process. Other physician groups chosen by CMS are located in the East Coast and northern states with the next closest in Montana.

The Everett Clinic, founded in 1924, is a locally owned and operated multi-specialty physician group practice with 230 physicians providing more than 40 diverse specialty care services. The Clinic has been recognized nationally in *The New York Times*, *USA Today*, and *US News and World Report*. You can visit its website at [www.everettclinic.com](http://www.everettclinic.com). For more information on the demonstration go to the CMS website at [www.cms.hhs.gov/researchers/demos/pgp.asp](http://www.cms.hhs.gov/researchers/demos/pgp.asp).

## Calendar of Events

### January:

WA St. Medical Assoc.  
U.W. & Harborview Medical Centers  
WA St. Hospice & Palliative Care Assoc.

### February:

Alaska Pharmacy Assoc. Convention  
Alaska Medical, Nurses, Home Health,  
Primary Care & MGM Assoc., NHC, IHS  
Pharmacy Managers, LTC providers-  
Anchorage  
American Diabetes Expo, Portland, Or.

### March:

WA St. Insurance Commissioner, Olympia  
NW CAH & Rural Health Conference,  
Spokane  
WA St. Hospital Association & Qualis,  
Seattle  
WA St. Pharmacy Association, Seattle  
Oregon Pharmacy Association, Portland

### April:

OR Medical Assoc. workshops--eight cities  
OR LTC Social Workers, Portland  
NASW-WA, Seattle

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