

Reauthorization of PHC4

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To

The Pennsylvania Senate

Public Health and Welfare Committee

By

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Pennsylvania
MEDICAL SOCIETY[®]

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Good morning, Chairman Erickson and members of the Senate Public Health and Welfare Committee. I am Peter Lund, MD, president of the Pennsylvania Medical Society in Harrisburg.

Let me begin today by thanking the Committee for hosting this hearing. Also, let me offer thanks for all that you have done in the past on issues of concern to the patient-doctor relationship. I realize that your work often receives little thanks, but is deserving of such praise.

We're here today to discuss the reauthorization of the Pennsylvania Health Care Cost Containment Council (PHC4).

Up front, let me begin by stating that the Pennsylvania Medical Society strongly supports the reauthorization of PHC4. In fact our Medical Society Board of Trustees took action as recently as May 21st to endorse reauthorization. As of today, PHC4 is scheduled to sunset on June 30, 2008, if you do nothing. Chairman Erickson and members of the committee, this needs to get done.

The Medical Society has worked with the Council during its 20 year existence to assure that the data collected was severity adjusted to provide an accurate, clinically significant picture of the care provided. We suggested the formation of a Technical Advisory Group or TAG to assist the Council in formatting reports on specific illnesses and have provided experienced clinicians to serve on the TAG.

Act 89 of 1986 established PHC4 and assigned it three primary responsibilities:

1. Collect, analyze, and make available to the public data about the cost and quality of health care in Pennsylvania.
2. Study, upon request, the issue of access to care for those Pennsylvanians who are uninsured.
3. Review and make recommendations about proposed or existing mandated health insurance benefits.

Through its history, PHC4 has challenged its critics, taking on sometimes controversial subjects that in the past would have been ignored. It has set reporting criteria above the national standards that shouldn't be lost. Although not perfect, this organization has helped to raise awareness of concerns related to health care financing and quality, and in many instances helped to raise the bar to the point that Pennsylvania is a national leader when it comes to such data collection and analysis. It would be shameful to see PHC4 go away.

As we work to preserve PHC4, we should also be working to improve upon its success. We should also be working to improve the availability of payment/cost data. Currently, much of the data has been health care charges. But, as we all know, doctors and hospitals are not paid what they charge. PHC4 has spent considerable effort obtaining payment data from insurers, including Medicare and Medical Assistance, verifying it with

providers, and attempting to report the data. Unfortunately, payment data still doesn't get down to the final cost of care provided due to the differences in covered benefits, coinsurances, deductibles, supplemental payment levels, and contractual issues between providers and payers. None-the-less, better data would come from the payment structure of health insurers than from hospital and physician charges.

We understand that there are likely to be a number of issues that need to be fully discussed. If that is the case, we must be included in those discussions. No matter what is discussed, I think we can all agree the reports of PHC4 and the methodology for these reports must be accepted and used by the physician community. Risk adjustment of data is necessary to present an accurate picture of the care provided. Data based on administrative claims only usually doesn't include pathophysiological information and doesn't reflect conditions that were present upon admission, i.e. risk factors, or complications that occurred during hospitalization. Inadequate risk adjustment penalizes health care practitioners and facilities that provide care to the sickest patients. To date our physician community along with our representatives on the Technical Advisory Group has helped validate the technical aspects of the severity adjustment process as well as the reports of the Council. Accordingly, if there are discussions on any aspects of the PHC4 activities and reports, the physician community must be fully included to constructively validate any changes to assure acceptance by our professionals and the broader community.

The Pennsylvania Medical Society would also encourage the extension of future sunset dates for the organization. As designed today, PHC4 is constantly working under the threat of being shut down before they would have time to adequately perform their responsibilities. It takes a complete year to fully capture and work all data. Then the process starts all over so that comparisons can be made. This collection and analysis is very important and must be done correctly. We recommend that you consider future sunset dates to be five to ten years out.

Also, I want to point out that the Pennsylvania Medical Society supports the existing collection methods for high-end medical work. This keeps the focus of PHC4 centered on the more expensive and riskier procedures that must be closely monitored and scrutinized. We do not believe it is necessary to do the same for day-to-day health care office procedures that have a long and proven history of success. Not only would this misdirect the focus of PHC4, but it would also create an unnecessary burden on health care practices.

Finally, we all know PHC4 is not perfect. They've had some administrative problems. And, they know that.

But, they haven't sat around doing nothing about those concerns. They've already started to address these problems. Since PHC4 is working to fix internal problems, the Pennsylvania Medical Society does not believe it is necessary at this time to fix these concerns through legislative initiatives. We are satisfied with the internal solutions that PHC4 has started.

Let me conclude by once again stating that the Pennsylvania Medical Society supports reauthorization of PHC4. This is something that must get done. If not, it sends a highly negative message to the public, telling them that health care data collection and analysis is not important.

We believe it's very important.

I thank you for the opportunity to testify today.