



# E-News

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The Wisconsin Public Health and Health Policy Institute's E-News is available monthly during the academic year. Check our website for additional information and updates: <http://www.pophealth.wisc.edu/wphi>

Information for E-news is compiled from several sources, including websites and lists from the Wheeler Report, Wisconsin Council on Children and Families, Agency for Healthcare Research and Quality, Kaiser Family Foundation, Commonwealth Fund, Milbank Quarterly, Health Affairs, Urban Institute, Wisconsin Medical Society, Wispolitics.com, Handsnet, Blue Cross/Blue Shield, New York Times, Milwaukee Journal-Sentinel, Milwaukee Business Journal, Wisconsin State Journal and others.

### Request for Submissions:

Please help us to help you stay up to date on what kinds of health policy research are going on in Wisconsin. To include your events, research or other important public health or health policy research activities in a future issue of the Institute's E-news, or if you have any comments about this publication, send an e-mail to Judy Knutson at: [jaknutso@facstaff.wisc.edu](mailto:jaknutso@facstaff.wisc.edu).

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## State News

### State HMOs Double Profits despite Decreasing Enrollment

The Wisconsin Office of the Commissioner of Insurance released figures in mid-April that the state's health maintenance organizations more than doubled their profits in 2003 despite continued declines in enrollment. The 21 HMOs saw collective profit of \$129.1 million in 2003, more than twice the \$63.8 million of 2002. HMOs in the Milwaukee area recorded a net income of \$67 million, up from just \$14.4 million the previous year. Meanwhile, HMO enrollment declined by 2.2 percent statewide, the third straight year HMOs have seen such a drop following more than a decade of enrollment growth. Last year, HMO enrollment fell 5.3 percent in the southeast region while it remained static in other parts of the state. A sagging economy and resulting job losses are among the causes of declining enrollment, as large employer groups leave insurance plans at one time or go off insurance altogether due to layoffs, analysts said. To read the full article: <http://milwaukee.bizjournals.com/milwaukee/stories/2004/04/12/story7.html>

### **Blue Cross Blue Shield United of Wisconsin Aims to Double Wisconsin Market Share**

Rebecca Kapustay, the new president and CEO of Blue Cross Blue Shield of Wisconsin plans to nearly double Blue Cross' market share in the state, from its 16 percent to close to 30 percent. As of January 2004, the insurer and its subsidiaries had about 880,000 members in Wisconsin, according to the company.

To read the Milwaukee Business Journal article:

<http://milwaukee.bizjournals.com/milwaukee/stories/2004/04/26/focus2.html>

### **Sixth Audit Report of the Health Insurance Risk Sharing Plan Released**

The Health Insurance Risk-Sharing Plan (HIRSP) was established in 1980 to provide medical insurance for individuals who cannot obtain coverage in the private market because of the severity of their health conditions. In the late 1990s, it was also designated as Wisconsin's plan to meet federal Health Insurance Portability and Accountability Act (HIPAA) regulations and to provide health insurance to people who lose employer-sponsored group health insurance and meet other specified criteria. HIRSP is funded through policyholder premiums, insurer assessments, and reduced reimbursements to health care providers. At the request of the Department of Health and Family Services (DHFS), they have completed the sixth financial audit of HIRSP. The report contains an unqualified opinion on HIRSP's financial statements and related notes for the fiscal years ending June 30, 2003 and 2002.

To read a summary of the report:

<http://www.legis.state.wi.us/lab/reports/04-3highlights.htm>

To read the full report: <http://www.legis.state.wi.us/lab/reports/04-3full.pdf>

Association of state health plans reaction: <http://www.thewheelerreport.com/releases/Apr04/Apr15/0415hmohirsp.pdf>

Wisconsin Medical Society reaction:

<http://www.thewheelerreport.com/releases/Apr04/Apr14/0414medsocietyaudit.pdf>

### **New Report on Health Insurance Released; Survey Data, but Unsupported Conclusions**

The "Wisconsin Policy Research Institute" released a report that faults public sector coverage for Wisconsin's high health care costs. The report argues that, since publicly provided insurance covers 51% of insured adults in Wisconsin (either through public assistance or public employment), and it covers more of the costs of health care provision than private insurance (less cost sharing), fewer consumers are driven by incentives to make resource-conscious decisions about health care utilization and lifestyle, and that leads to costly health services. This, the report argues, is likely to be one of the major reasons that Wisconsin has higher costs than other states. While the data from the survey itself may be accurate and of interest, there is little to support the interpretation of the data and the conclusions.

Full report: <http://www.wpri.org/Reports/Volume17/Vol17no2.pdf>

Milwaukee Journal Sentinel coverage and a alternative perspective on the conclusions: <http://www.jsonline.com/bym/news/apr04/224967.asp>

### **New WI Web Site Compares Prescription Drug Prices, Discount Programs**

A new statewide program to help Wisconsin residents in financial need get free and discounted prescription drugs was launched in late April. The program links people to over 250 public and private patient assistance programs and will provide information on the new Medicare drug discount card that will be available to seniors shortly. This site was created by a partnership of more than a dozen voluntary health, patient advocacy and professional associations. Patient assistance programs were developed to help meet the prescription drug needs of people who are either uninsured or underinsured. The private and public programs, available through the new clearinghouse, are a valuable way for patients in financial need to get their prescription medicine at little or no cost.

Access the new Web site clearinghouse at: <http://www.Rx4Wisconsin.org>.

To read the press release: <http://www.thewheelerreport.com/releases/Apr04/Apr27/0427physiciansrxweb.PDF>

### **Governor Doyle Testifies Before the Federal Drug Importation Task Force**

In mid April, Governor Doyle testified before the Federal Drug Importation Task Force. Among his comments he stated that he was, "deeply disappointed that the federal government has not done more to address this dramatic inflation in prices, or to provide meaningful prescription drug coverage to those who need it most." He continues, "as I have often said, there is one thing the federal government could do tomorrow that would make prescription drugs

more affordable for every American, and that's to allow safe reimportation of U.S. made and approved prescriptions from Canada. It is time for the FDA to stop doing the bidding of the drug lobby, and start helping states like Wisconsin to implement a safe system of prescription drug reimportation. I find it amazing that the FDA has time to send out press releases attacking our website, time to send its staff to Wisconsin to hold press conferences criticizing our efforts, but not time to actually work with us to put this system into place. It is a story of missed opportunities and misplaced priorities, and it is a disservice to the American people.

To read the full testimony: <http://www.thewheelerreport.com/releases/Apr04/Apr14/0414govdrugtestimony.pdf>

Pharmacy Society of Wisconsin's Reaction:

<http://www.thewheelerreport.com/releases/Apr04/Apr14/0414pharmacydoyletestimony.pdf>

### **Feingold Supports Legislation Allowing the Importation of Prescription Drugs from Abroad**

Senator Russ Feingold (D-WI) joined a bipartisan effort in late April supporting legislation to allow the importation of prescription drugs from Canada. The bill, authored by Senator Byron Dorgan (D-ND) and supported by Feingold and Republican Senators John McCain (R-AZ) and Olympia Snowe (R-ME), among others, would gradually phase in the importation of affordable drugs from FDA-approved facilities in the European Union, Australia, New Zealand, Japan and Switzerland over a 24-month period. The legislation ensures that imported drugs meet FDA specifications, that only FDA-approved drugs may be imported, and that the FDA may ban the importation of a product determined to be counterfeit, contaminated, significantly different from labeled strength, or otherwise in violation of the law. The FDA will also have the power to inspect plants that manufacture drugs for importation that have not yet undergone FDA inspection.

To read the press release: <http://www.thewheelerreport.com/releases/Apr04/Apr21/0421feingolddrugsseniors.PDF>

### **Feingold Pushes for More Doctors to Practice in Underserved Areas of Wisconsin**

Senator Feingold (D WI) is cosponsoring legislation that would help states bring physicians to medically underserved areas of Wisconsin. The bill extends the State 30 program that allows states to sponsor foreign physicians attending training or other graduate programs in the U.S. who agree to practice for at least three years in medically underserved areas for visas. The bipartisan bill would extend the program, which is set to expire on May 31, 2004, for five years. According to the Wisconsin Hospital Association and the Wisconsin Medical Society, Wisconsin has a shortage of 506 primary care physicians, and that number will only increase over the next ten years. As a result of physician shortages, many residents forgo primary care that they need because of the lengthy travel to the nearest doctor, or because of long waits. Currently, the U.S. government designates 107 areas in Wisconsin as medically underserved.

To read the press release:

<http://www.thewheelerreport.com/releases/Apr04/Apr29/0429feingolddoctors.PDF>

### **Madison City Council Votes to Ban Smoking in all Workplaces, including Bars; ACS Applauds Move**

In late April, the Madison City Council voted to eliminate smoking in all Madison workplaces, including bars and bowling alleys. Advocacy groups pointed out that the majority of customers and employees are non-smokers, and secondhand smoke presents known health risks. Secondhand smoke causes 65,000 deaths a year in the United States in healthy, non-smokers, with 3,000 by lung cancer alone. A restaurant employee is 75 percent more likely to develop lung disease than a non-smoker, and children who breathe secondhand smoke are at a greater risk of developing cancer as adults. An *American Legacy Foundation*<sup>®</sup> funded study reports a positive impact on business revenue in New York City during the first year that its smoking ban was in place.

To read the press release: <http://www.thewheelerreport.com/releases/Apr04/Apr21/0421cancermadison.PDF>

### **Governor Doyle Encourages Wisconsin Citizens to Get Active**

Governor Doyle recently kicked off the Spring Challenge of his Wisconsin Governor's Challenge, encouraging Wisconsin citizens to lead healthier and more active lives. As part of the program, participating adults commit to exercising 30 minutes a day, five days a week, for six weeks. Participating kids exercise for 60 minutes a day. The Governor announced the program in March, unveiling a new website that tracks participation in the program. Since then, about 400 groups and about 7,000 individuals from across the state have registered and will join Governor Doyle, his family, and state employees as they begin the six-week Challenge. To access the web site: [www.wisconsinchallenge.org](http://www.wisconsinchallenge.org)

To read the press release: <http://www.thewheelerreport.com/releases/Apr04/Apr19/0419govactive.pdf>

### **UW-Madison Study Finds that Most College Smokers Continue to Smoke**

According to a study at the University of Wisconsin-Madison, just published in the current issue of *Health Psychology*, nearly 90 percent of college students who were daily smokers and 50 percent of occasional smokers were still smoking four years later. These high rates of smoking identify college students as an important group to target for smoking cessation interventions. These results also dispel the mistaken belief that most college students who smoke easily give up tobacco use within a few years. Other findings from the study indicate potential areas for intervention to promote cessation. To read the press release:

<http://www.thewheelerreport.com/releases/Apr04/Apr13/0413uwsmoke.PDF>

### **Wisconsin Receives Federal Grant to Expand Aging and Disability Resource Centers**

Wisconsin Department of Health and Family Services (DHFS) received an \$800,000 federal grant from the U.S. Department of Health and Human Services to expand the state's nationally acclaimed "Aging and Disability Resource Centers." The grant will allow the Department to expand Aging and Disability Resource Centers to more counties, and to develop resources needed for eventual expansion to all parts of Wisconsin. Wisconsin's Aging and Disability Resource Centers are "one-stop shops" where all people can get information and counseling about community-based long-term care programs and other services and are widely regarded as national models for this type of service. Currently, nine counties have Aging and Disability Resource Centers (Milwaukee, Kenosha, Fond du Lac, Richland, Portage, Marathon, La Crosse, Jackson, and Trempealeau). The additional federal money will allow DHFS to help develop Resource Centers in at least five additional counties, which will be determined through a competitive process. In 2003, the nine current Resource Centers responded to 61,222 requests for information and assistance, and less than six percent of these resulted in referrals to publicly funded programs.

To read the press release:

<http://www.thewheelerreport.com/releases/Apr04/Apr20/0420dhfsresourcecent.pdf>

## **Research & Tools**

### **The Wisconsin Partnership (BC/BS Grant Funds) Web Site Updated**

The Wisconsin Partnership Fund for a Healthier Future, also known as the Blue Cross Blue Shield Project, recently added two new sections to their web site. A Frequently Asked Questions (FAQ) section was added to offer efficient responses to common questions. The FAQ reflects issues and questions heard most often at the series of seven statewide orientation and training sessions held in early 2004 by the UW Medical School and the Oversight and Advisory Committee (OAC) to present an overview of the Community-Academic Partnership Fund and the grant application process, as well as additional questions forwarded to the UW Medical School. In addition a section on Academic Partner Resources was added, which lists the UW Medical centers and institutes that are available to support and assist community organizations in various ways.

To access the web site: <http://wphf.med.wisc.edu/index.php>

### **AHRQ Issues RFP for Demonstrations in Health Information Technology**

AHRQ has issued a new Request for Proposals to establish and implement state and regional demonstrations of interoperable health information systems. It is anticipated that up to five awards will be made totaling \$25 million over 5 years. The demonstrations will identify and support statewide data sharing and interoperability activities aimed at improving the quality, safety, efficiency, and effectiveness of health care for patients and populations on a state or regional level. The primary contractor must be either a state government or an agent of one or more state governments that has a formal Memorandum of Understanding specifying the involvement of state entities such as the state department of public health or health policy commission. The deadline is June

15 at 12:00 noon EDT. For more information on the RFP: <http://www.ahrq.gov/fund/rfp040015.htm>

### **HHS Solicits Input on Priorities for Research Under Medicare Modernization Act**

HHS is soliciting input on research priorities under Medicare reform legislation signed by President Bush in December. Section 1013 of the Medicare Prescription Drug Improvement and Modernization Act of 2003 authorizes HHS to support research that provides information on the outcomes, comparative clinical effectiveness, and appropriateness of health care items and services, including prescription drugs, and outlines strategies for improving the efficiency and effectiveness of the Medicare, Medicaid, and SCHIP programs, including how their services are organized, managed, and delivered. The new law requires the initial priority list for research to be developed by June 2004 and initial research to be completed in December 2005. The exact language of Section 1013 is available and written suggestions for the priority list can be submitted online by May 7 at: <http://www.medicare.gov/MedicareReform/researchtopics.asp>

### **AHRQ Offers Use of Hospital CAHPS Survey Prior to National Implementation**

AHRQ is currently offering an opportunity for hospitals, vendors, and other interested parties to test the draft 32-item Hospital CAHPS (HCAHPS) survey before national implementation. The Hospital CAHPS initiative focuses on measuring and reporting patients' perspectives of their inpatient care. It is designed to help consumers make more informed choices among hospitals and create incentives for hospitals to improve performance. To use the draft HCAHPS survey, organizations must submit an application to AHRQ, which can be downloaded through the CAHPS Survey Users Network <http://www.cahps-sun.org/home/index.asp>. Applications should be submitted to AHRQ via e-mail at [hospital-cahps@ahrq.gov](mailto:hospital-cahps@ahrq.gov) before field testing the questionnaire. If you wish to make additions/changes to the questionnaire and/or survey administration guidelines, they should be submitted at the time of application for approval. The HCAHPS pre-testing Web site will be active until May 31, 2004. Prior to national implementation in 2005, minor revisions to the draft HCAHPS survey and administration protocols will be made based upon the results of additional testing currently being conducted by AHRQ in cooperation with several volunteer testing sites located in the United States.

### **NCSL Health Policy Tracking Service Free Web Seminar on Nutrition & Obesity**

On May 20, 2004 at 10:00 AM or 3:00 PM EST the National Conference of State Legislators (NCSL) Health Policy Tracking Service (HPTS) will hold two web seminars on nutrition and obesity. The January 2004 issue of *Obesity Research* indicated that the cost of providing medical treatment to obese Americans was over \$75 billion in 2003. These costs tax an already overburdened state health care system, causing further fiscal crises. As such, the main focus for lawmakers this year has been preventive action: addressing obesity and health for children in schools through regulating snack foods, school lunches and physical activity. However, preventing obesity in children is only one part of the issue. State lawmakers are also considering the implication of new "obesity lawsuits" that place liability for an individual's unhealthy weight on certain food manufacturers. This seminar, presented by Carla Plaza, Manager of Policy Research will highlight current state legislative action addressing school nutrition, competitive foods, task forces and other major topics involved in this growing public health concern.

Click [here](#) to register for the May 20, 2004 10:00 AM EST Nutrition & Obesity Seminar.

Click [here](#) to register for the May 20, 2004 3:00 PM EST Nutrition & Obesity Seminar.

For more information: <http://www.HPTS.org>

## **Events**

### **The Wisconsin Partnership Fund for a Healthy Future Training Sessions**

The UW Medical School and the Oversight and Advisory Committee (OAC) have made revisions to the Request for Partnerships (RfP) for the Community-Academic Partnership Fund based on public comments and committee discussion. This revised version, the Final Draft, has also been expanded to include application forms, which are found in the Grant Application Appendix. The (RfP) will be discussed in detail at the upcoming Wisconsin Partnership Fund for a Healthy Future training sessions scheduled for seven cities across the state. For locations, dates and times, please visit: [http://wphf.med.wisc.edu/agency\\_training\\_programs.pdf](http://wphf.med.wisc.edu/agency_training_programs.pdf)

Please note, that this is NOT a call for proposals. No funding is currently available. The RfP process will not commence until the five-year plan has been approved by the Wisconsin United for Health Foundation and funds have been disbursed to the University of Wisconsin Medical School. For more information about Partnership Fund:  
<http://wphf.med.wisc.edu/index.php>

### **AARP Wisconsin to Offer Medicare Rx Public Forums in May**

Beginning May 4, in Beloit, AARP Wisconsin will offer a series of 12 public forums to answer Wisconsin beneficiaries questions about how the changes in Medicare will affect them. Experts will be available to answer questions such as What are Medicare-Approved Drug Discount Cards? How do they work? How do I figure out if a Discount Card is right for me? and Whos eligible for the \$600 Rx credit? Admission to AARP Wisconsin's Medicare Rx public forums is free, but seating is limited and anyone planning on attending is strongly advised to register by calling toll-free to make sure a seat will be available. The toll-free number to call is 1-877-926-8300. The complete schedule for AARP Wisconsin's Medicare Rx Public Forums can be accessed at: <http://www.thewheelerreport.com/releases/Apr04/Apr26/0426aarprxforums.pdf>.

### **New 2004 Wisconsin Quality & Safety Forum**

Date: October 18-19, 2004

Location: Plaza Hotel in Eau Claire, WI

Wisconsin Hospital Associations Quality & Safety Forum and the Wisconsin Patient Safety Institutes Wisconsin Patient Safety Forum will co-sponsor a new forum. As with the past individual events, the 2004 Forum will combine education with a showcase of projects focused on current quality improvement and/or patient safety initiatives. Additionally, submitting organizations have the option to request that their project be considered for a breakout presentation at the 2004 Forum. All application materials must reach the Wisconsin Hospital Association no later than **Friday, May 21, 2004**. Please refer to the following web site for details regarding submission requirements:

<http://www.wha.org/education/pdf/2004qualityforumsubmissions.pdf>

## **Reading Room**

### **Consumer-Driven Health Plans Likely To Grow, But Employers Have Concerns**

A Commonwealth Fund-supported survey, showed that employee benefit managers, while interested in consumer-directed plans, are nonetheless skeptical of such plans' ability to improve quality. The article says that employers believe plans can reduce costs and lead to smarter health care buying, but won't improve quality. By the spring of 2005, 30% of U.S. workers may be eligible for just one type of consumer-driven, under a best-case scenario for growth, a 15-fold increase over two years. However, only a small minority of employees who are offered such plans are likely to enroll in them. Jon Gabel, vice president of health systems studies at the Health Research and Educational Trust, and three colleagues surveyed employee benefit managers at more than 1,800 employers of all sizes to gauge their familiarity with and likelihood of purchasing consumer-driven coverage in the near future. The survey found extensive familiarity with the term consumer-driven health care. About 66 percent of employees work for a firm where the employee benefit managers were very or somewhat familiar with the term, and familiarity with the term grows with firm size. To read the article: <http://content.healthaffairs.org/cgi/content/abstract/hlthaff.w4.210>.

### **KCMU Report Examines State Financing Methods for Medicaid**

The Kaiser Commission on Medicaid and the Uninsured (KCMU) issued a report on State methods for financing Medicaid. Medicaid is financed jointly by the federal government and the states, but shared financing has produced tension at times over the appropriate share of the cost of the program. This report from KCMU explains several controversial mechanisms used by states in recent years to finance their share of Medicaid expenditures. This report explains briefly the mechanisms used by states in recent years to finance their share of Medicaid expenditures.

To access the full report: <http://www.kff.org/medicaid/loader.cfm?url=/commonspot/security/getfile.cfm&PageID=34441>

### **Institute of Medicine (IOM) Releases Report: *Health Literacy: A Prescription to End Confusion***

Nearly half of all American adults, 90 million people, have difficulty understanding and using health information, and there is a higher rate of hospitalization and use of emergency services among patients with limited health literacy, says a report from the Institute of Medicine titled *Health Literacy: A Prescription to End Confusion*. Limited health literacy may lead to billions of dollars in avoidable health care costs. More than a measurement of reading skills, health literacy also includes writing, listening, speaking, arithmetic, and conceptual knowledge. Health literacy is defined as the degree to which individuals have the capacity to obtain, process, and understand basic information and services needed to make appropriate decisions regarding their health. A concerted effort by the public health and health care systems, the education system, the media, and health care consumers is needed to improve the nation's health literacy, the report says. If patients cannot comprehend needed health information, attempts to improve the quality of care and reduce health care costs and disparities may fail. The report recommends that health care systems should develop and support programs to reduce the negative effects of limited health literacy and that health knowledge and skills be incorporated into the existing curricula of kindergarten through 12th grade classes, as well as into adult education and community programs. To read a summary of the report: <http://www.iom.edu/file.asp?id=19726>

To read the press release: <http://www4.nas.edu/news.nsf/6a3520dc2dbfc2ad85256ca8005c1381/a582ebfc554e736685256e70005e27d1?OpenDocument>

To purchase the report: [http://books.nap.edu/catalog/10883.html?onpi\\_newsdoc04082004](http://books.nap.edu/catalog/10883.html?onpi_newsdoc04082004)

### **AHRQ Evidence Review: Literacy and Health Outcomes**

Given that low literacy may affect health and well-being negatively, the Agency for Healthcare Research and Quality (AHRQ) commissioned an evidence report from the RTI International-University of North Carolina Evidence-based Practice Center (RTI-UNC EPC). Literacy and health are of particular concern to the American Medical Association (AMA), which originally nominated the topic. Our systematic review consolidates and analyzes the body of literature that has been produced to date regarding the relationship between literacy and health outcomes and the evidence about interventions intended to improve the health of people with low literacy. To access the full AHRQ report:

<http://www.ahrq.gov/clinic/epcsums/litsum.pdf>

Print copies of both the IOM and AHRQ documents are available by calling AHRQ's Publications Clearinghouse at 1-800-358-9295 or by sending an e-mail to [ahrqpubs@ahrq.gov](mailto:ahrqpubs@ahrq.gov).

### **New Chartbook Released on the Quality of Children's Health Care**

The Commonwealth Fund released a new chartbook on children's health entitled, *Quality of Health Care for Children and Adolescents*. This chartbook illustrates the state of preventive care and chronic care services and the extent of medical mistakes in children and youth. The chartbook finds dramatic progress in some areas-such as reductions in hospital-acquired infections in pediatric intensive care units-and serious challenges in many others-such as gaps in preventive care and developmental services. It also identifies geographic, racial, and ethnic disparities in care for children and provides examples of quality improvement programs that have successfully improved care.

To read the full report: [http://www.cmwf.org/programs/child/leatherman\\_pedchartbook\\_700.pdf](http://www.cmwf.org/programs/child/leatherman_pedchartbook_700.pdf)

### **CMS Launches Medicare Prescription Drug Discount Card Price Comparison Web Site**

Created as part of the new Medicare law, the discount cards will be available beginning May 3 to all beneficiaries who do not have prescription drug coverage through Medicaid. Companies offering the cards can charge an annual enrollment fee of up to \$30 and likely will offer savings on at least one drug in each of 209 categories of medicines commonly used by Medicare beneficiaries. According to Thompson, discount cards posted so far on the Web site are offering average savings of about 17% for brand-name drugs and 30% for generic drugs. Consumer advocates and some Democratic lawmakers on Thursday criticized the program, saying that the pricing information on the Medicare Web site shows that in many cases, online pharmacies and Canadian drug stores offer larger discounts. Some Democrats also criticized the drug card program for offering discounts that could be offset by pharmaceutical companies' price increases. To access the web site: <http://www.medicare.gov/>

### **Medicare Officials Recommend Beneficiaries Wait Before Choosing Drug Discount Card**

CMS Administrator Mark McClellan urged Medicare beneficiaries to wait to sign up for the prescription drug discount card program to see if drug prices

offered through the program fall in the coming weeks and months. McClellan said that another reason beneficiaries should wait to sign up for the cards is that pricing information will initially be available for only 35 of the 72 cards because many sponsors have not yet provided CMS with such information. Information for the rest of the cards is expected to be added by mid-May. In addition, officials still might endorse more cards. CMS spokesperson Peter Ashkenaz said beneficiaries can wait to enroll until later next month without missing out on available discounts. To read more: <http://cme.kff.org/Key=2782.CL.D.D.Jn1yD2>

### **Report Describes Implications of Medicare Rx Discount Card for Low-Income Beneficiaries**

Medicare beneficiaries can begin enrolling in the prescription drug discount card program next month. A new Kaiser Commission on Medicaid and the Uninsured (KCMU) issue paper describes the discount card and low-income assistance programs and discusses their implications for low-income Medicare beneficiaries and state Medicaid programs.

To read the paper:

<http://www.kff.org/medicaid/7072.cfm>

### **CBO Releases Brief: Reimporting US Prescription Medications Will Not Lower Spending Much**

The Congressional Budget Office (CBO) released a report in late April which stated that allowing the reimportation of lower-cost, U.S.-made prescription drugs from other nations would have "little impact" on drug spending in the United States. According to the brief, prescription drug prices in other industrialized nations are about "35% to 55% lower than in the United States." However, the CBO brief found that even if reimportation were legalized, the "intricacies of the worldwide prescription drug market would likely limit the amount of drugs that would reach the United States," CongressDaily reports. The brief said that the enactment of [HR 2427](#) -- a bill passed by the House last summer allowing the reimportation of lower-cost, U.S.-made prescription drugs from 25 industrialized nations -- would reduce U.S. drug spending only by "about 1%." Allowing reimportation only from Canada "would produce a negligible reduction in drug spending," the CBO analysis found. The brief also found that U.S. consumers would not realize the full price difference of foreign prescription drugs because a "portion of any given price difference would accrue to wholesalers and other intermediaries facilitating the domestic sale of drugs diverted from foreign markets." Some of the price difference would go toward the costs of meeting new packaging and labeling requirements, while some of the price difference would go toward profit, the CBO analysis found. In addition, the brief said that potential savings would be reduced by the "likely refusal of drug makers to indemnify intermediaries against damages associated with the safety and integrity of products shipped to other markets," resulting in added liability insurance costs for reimporters, "which would be passed on to consumers." Since last summer, CBO officials have said that reimportation would not reduce U.S. drug costs, but the new issue brief includes "the most substantial explanation of the agency's reasoning thus far," according to CongressDaily (Rovner, CongressDaily, 4/30).

The CBO brief is available at: <ftp://ftp.cbo.gov/54xx/doc5406/04-29-PrescriptionDrugs.pdf>

### **EEOC Rules to Allow Employers To Reduce Health Benefits for Older Retirees**

In later April, the Equal Employment Opportunity Commission (EEOC) voted 3-1 to approve the rule, which states that employers who reduce or eliminate health benefits for Medicare-eligible retirees do not violate civil rights law on age discrimination. In addition, the decision allows employers to reduce or eliminate health benefits for retirees who are eligible for state-sponsored health benefits similar to Medicare. EEOC's decision reverses its prior policy, as well as an August 2000 ruling by the 3rd U.S. Circuit Court of Appeals stating that federal law requires employers to ensure that pre- and post-Medicare-eligible retirees receive health benefits of "equal type and value." EEOC said that it had the power to make "reasonable exemptions" in the public interest to the Age Discrimination in Employment Act of 1967. A preamble to the rule states that it "is not intended to encourage employers to eliminate any retiree health benefits they may currently provide." The ruling must still undergo comment from several federal agencies and review by the Office of Management and Budget, but it is expected to stand. Three Republican members of EEOC voted in favor of the new rule, while a Democrat opposed it ([Kaiser Daily Health Policy Report](#), 4/26).

To read more:

[http://www.kaisernetwork.org/daily\\_reports/rep\\_index.cfm?DR\\_ID=23412](http://www.kaisernetwork.org/daily_reports/rep_index.cfm?DR_ID=23412)

### **Profiles of Presidential Candidate John Kerry's Health Care Advisors**

In late April, The Hill reported on likely Democratic presidential candidate Sen. John Kerry's (D-Mass.) "informal team" of health care advisers, a group of lobbyists, academics and health care professionals that is receiving praise "even from some of its political foes." Kerry -- "not known for work on health care" in the Senate, according to The Hill -- has used top Clinton administration health care and economic advisors Gene Sperling and Chris Jennings to develop his plans. Jon Cohen, chief medical officer for the North Shore-Long Island Jewish Health System, advises the campaign and brings an "outside the Beltway" perspective to Kerry's team, according to an unnamed source. Jeffrey Lewis, who served as a top staffer on the Senate Special Committee on Aging, is the only Republican on the team and the chief of staff for Kerry's wife, Teresa Heinz Kerry. Jennings said the academics advising Kerry on health care are "bruised" scholars who understand the process of policymaking in Washington. Those advisers include Harvard University's David Cutler, who has been with Kerry's team since the beginning of the campaign, and Stuart Altman, a Brandeis University professor and longtime Kerry adviser. Altman said the "pragmatist" candidate's health care plan is "incremental" and "on the moderate side." Sources say Kerry's plan possibly reflects the "fingerprints" of Bruce Reed, head of the centrist Democratic Leadership Council, The Hill reports. [http://www.kaisernetwork.org/daily\\_reports/rep\\_index.cfm?](http://www.kaisernetwork.org/daily_reports/rep_index.cfm?DR_ID=23462)

[DR\\_ID=23462](http://www.kaisernetwork.org/daily_reports/rep_index.cfm?DR_ID=23462)

### **Teaching Parents to Care for Sick Children at Home Reduces Medicaid Costs, Study Finds**

According to a study by the UCLA Johnson & Johnson Health Care Institute, Medicaid could save "billions" of dollars annually if more low-income parents are trained to handle minor childhood illnesses at home rather than seeking treatment at an emergency department or physician clinic. In the study, researchers gave 1,600 parents at 14 Head Start agencies a medical reference guide designed for readers with limited health literacy and instructions on how to use it. Before the training, many parents said they were "very confident" about taking care of their sick children, but 49% said they would take a child with a runny nose or cough to a clinic rather than provide care at home. Additionally, more than half of the parents did not know how to care for a child with a temperature above 99.5 degrees Fahrenheit. During the training, parents were instructed to go first to the provided reference book, which detailed symptoms and treatment that can be provided at home. The guide also specified when it is appropriate to call a doctor. Six months after undergoing training sessions, the percentage of parents who used the emergency department as a "first source of help" dropped to 32% from 69%. Researchers estimate that such a reduction in visits to EDs and physician clinics could reduce health care costs by \$198 per Head Start family per year, given an average \$200 charge for an ED visit and an average \$30 charge for a clinic visit. According to a Wall Street Journal article, the program could reduce Medicaid expenditures by as much as \$2.38 billion if it were expanded. Program officials plan to expand the program to 12,000 families by the end of 2005 (Rose, Wall Street Journal, 4/27). To read the press release:

<http://www.anderson.ucla.edu/community/headstart/documents/hcileadrelease.doc>

To read more:

<http://cme.kff.org/Key=2758.CL.J.D.N9wd35>

### **DHHS Secretary Thompson Addresses Racial and Ethnic Health Disparities**

In mid-April, HHS Secretary Tommy Thompson announced the creation of the Health Disparities Council, a new board charged with developing a plan to eliminate quality gaps in health care. Speaking at a meeting of the Alliance of Minority Medical Associations and other health care groups, Thompson said that the Bush administration is "committed to eliminating disparities" in health care, adding that the administration is addressing racial disparities in health care through support for research targeted at minorities' health, providing more money for AIDS issues among minorities and increasing the number of community health centers in racial and ethnic minority neighborhoods. HHS in February released the original version of a 2003 report on racial health disparities following complaints that an edited version downplayed serious issues. In a January letter to Thompson, eight Democratic lawmakers said that HHS "watered down" the report, alleging that the final version included revisions that "alter the report's meaning, undermine efforts to address disparities and fit a pattern of the manipulation of science by the Bush administration" (Kaiser Daily Health Policy Report, 2/24). To read more:

<http://cme.kff.org/Key=2681.CP.F.D.GKS6tl>

### **Medicare/Medicaid Fraud and Abuse Could Exceed Government Estimates**

The HHS Office of Inspector General reported collecting \$988 million last year from Medicaid and Medicare providers making improper claims, but some say that fraud and abuse could far exceed that amount, CongressDaily reports. According to Joseph Antos, a health care scholar at the American Enterprise

Institute, total improper claims for the two programs "have got to be several multiples of \$988 million." He said that the "ability to detect improper billing is far less than the ability to do improper billing," adding that the "rhetoric" to improve detection efforts "died down" in the past few years because of federal budget surpluses. However, Antos predicts that "congressional attention will focus once again on fraud and abuse" now that the United States is "back into high and rising deficits." In a statement, Sen. Larry Craig (R-Idaho), Chair of the Senate Special Committee on Aging, said, "In these tight budgetary times, it is important that every dollar that the federal government spends be well spent for its intended purpose ... But as we go after waste, fraud and abuse within Medicare, we need to make sure that we do not overreact." A spokesperson for House Ways and Means Committee Chair Bill Thomas (R-Calif.), who has in the past urged action against fraud and abuse in Medicare and Medicaid, said Thomas remains "very interested in curbing fraud and abuse in Medicare" (Rich, CongressDaily, 4/20).

To read more:[http://www.kaisernetwork.org/daily\\_reports/rep\\_index.cfm?DR\\_ID=23284](http://www.kaisernetwork.org/daily_reports/rep_index.cfm?DR_ID=23284)

### **BCBSA President and CEO Announces Launch of Healthcare Fraud Task Force**

Blue Cross and Blue Shield Association (BCBSA) President and CEO Scott Serota announced the launch of a task force to combat healthcare fraud. The task force will include lead Blue Plan investigators who will work with the Federal Bureau of Investigation (FBI) and other national, state and local law enforcement agencies to fight major insurance fraud schemes that rob consumers of millions of dollars annually. Serota also announced a new toll-free hotline (1-877-327-BLUE) and <http://bcbs.com/antifraud/> for consumers to report suspicious activities. The new task force is part of an effort by Blue Plans to help keep healthcare affordable. Healthcare fraud costs American consumers more than \$50 million annually according to the National Healthcare Anti-Fraud Association. Last year alone, Blue Cross and Blue Shield companies saved American consumers \$240 million by preventing scams and recovering dollars that would have been lost to fraud.

A Web cast of Serota's speech is available on BCBSHealthIssues.com by clicking on the link below:

<http://www.connectlive.com/events/bcbs-april04/>.

Press Release:

<http://bcbshealthissues.com/proactive/newsroom/release.vtml?id=108502>

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