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HOT BUTTON > WHAT SEATTLE IS TALKING ABOUT

indicate increasing difficulties in meeting the care needs of the Medicare patients."

It's no surprise—after all, this is a government program—that things are not completely straightforward in the Medicare world. To begin with, not all Medicare is the same. About 80 percent of the 44 million seniors covered by Medicare have Original Medicare, also called traditional Medicare, where the federal government pays the claims. Original Medicare has two parts: Part A (hospital insurance) and Part B (physician insurance).

The remaining 20 percent have "private" Medicare Advantage plans—health options approved by Medicare, but sold by private insurers and set up as either private fee-for-service (PFFS) plans or as managed-care plans (these are usually part of a health maintenance organization). Generally speaking, these plans offer better reimbursement rates to doctors than Original Medicare. But even within the Medicare Advantage plans, all things are not equal. The Everett Clinic—with locations in Snohomish County, says it will no longer accept any Medicare Advantage PFFS plans beginning in 2009. These plans, while covering preventive services, do not support disease management. "PFFS [plans] operate in a way that keep our physicians from being involved in coordinating the patients' total-care needs, including managing their chronic conditions," says Dr. Al Fisk, the clinic's medical director.

Instead, seniors are being urged to sign up for one of several managed Medicare Advantage plans, such as Essence Healthcare and Evercare. April Zepeda, the clinic's spokesperson says that some 1,400 patients have been notified and given one year to switch over to one of several Medicare Advantage managed-care plans, which tend to reimburse physicians at higher rates than the PFFS plans.

According to Zepeda, The Everett Clinic—which serves some 20,000 Medicare patients—loses about \$7.5 million annually on Medicare because of low reimbursement rates. If all 1,400 PFFS patients switched to Medicare Advantage managed-care plans, says Zepeda, "we would cut our losses by half a million dollars. To break even, half of all the clinic's Medicare patients—some 10,000 of them—would need to sign up for Medicare Advantage managed-care plans, she says. Meanwhile the Snohomish-based

clinic still accepts established patients with traditional Medicare plans, but new patients are encouraged to enroll in a Medicare Advantage managed-care plan.

Similar stories are being repeated at many local clinics. The Edmonds Family Medicine Clinic, for example, has stopped accepting traditional Medicare or Medicare supplement plans unless they are funded by the pension plans of retirees—seniors who hold those types of plans don't have the option to switch over to a different Medicare plan, because their company chooses their health plans for them, says the clinic's spokeswoman Marcy Shimada.

Last fall, some 3,000 patients were notified two months prior to Medicare's open enrollment period and encouraged to sign up with other insurance plans. Simply stated, "Medicare reimbursement doesn't cover the cost of office visits," says Shimada.

With more than 10 locations in the Seattle area, the Polyclinic serves some 12,000 Medicare patients. Communications director Tracy Corgiat says, "If Congress doesn't intervene, we are going to have to make some serious decisions," implying that the clinic, which serves established patients with Original Medicare policies, will have to evaluate its ability to continue serving those patients.

While there is no magic bullet, congressional leaders are trying to find a fix for these Medicare issues—though critics say none go far enough to really do the overhaul that's needed.

Washington Senator Maria Cantwell, a member of the Senate's powerful Finance Committee, is among those working to craft a bill that would block payment cuts to doctors. That legislation was set to hit the Senate floor before Memorial Day weekend (after press time). Last March, Senator Debbie Stabenow (D-Michigan)—also a member of the Finance Committee—proposed the Save Medicare Act of 2008, which would keep intact the current 0.5 percent increase in place for the remainder of 2008 and increase payment to physicians by 1.8 percent in 2009. The proposed legislation has been referred to the Finance Committee and is pending review.

Wicks says of the Stabenow bill: "It gives us some breathing room," he says, "but the amount of increases is miniscule. It does

little to counter the fact that physician reimbursements have stayed the same for the past seven years."

What's really needed, he says, is a change to the sustainable growth rate or SGR formula, which is how Medicare reimbursement rates are calculated. The SGR formula is based on gross domestic product, which doesn't reflect annual rises in medical practice costs, among other things. It needs to be replaced with one that takes into account the ever-increasing costs of doing business, says Wicks.

Congressman Jim McDermott, who represents Washington's 7th Congressional District, laments that there are no long-term solutions for Medicare on the horizon. "The real issue," he says, "is that we're putting on one Band-aid over another; we need to do major surgery on the entire health-care system."

A recent report commissioned by Premier Blue Cross revealed that Washington employers paid more than \$1 billion in 2004 to cover shortfalls incurred by hospitals and physicians serving Medicare and Medicaid patients. The study, conducted by Milliman Inc., an independent actuarial firm, claims that Medicare pays doctors 20 percent to 26 percent less than commercial insurers in King County and 25 percent to 31 percent less elsewhere in the state. In all, Premera estimates that nearly \$1.4 billion in medical care costs—\$738 million in hospital costs and \$620 million in doctors' costs—were shifted to Washington employers as physicians and hospitals charged higher commercial rates to offset losses from Medicare and Medicaid.

Jason Erskine, a Washington spokesman for the AARP—another group actively advocating for changes to Medicare reimbursement—notes: "Congress has an obligation to ensure that doctors are paid fairly and adequately. If cuts to physician payments continue, many people may not be able to see the doctor of their choice, and they could have trouble finding another one."

For now, hopes for a long-term fix to Medicare appear to be nothing more than a pipe dream. But with the Medicare deadline fast approaching, advocates for change agree that now is the time to put the pressure on those who can make changes—especially since this is an election year. "If [Washington's seniors] scream, they will be heard," says Wicks. ●

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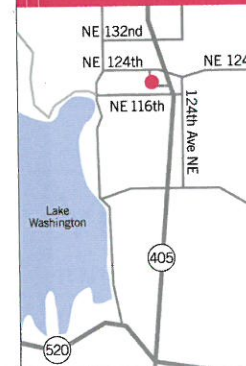
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