



**association of american
medical colleges**

AGENDA
FOR
COUNCIL OF ACADEMIC SOCIETIES

WEDNESDAY, APRIL 15, 1987

JOINT BOARDS SESSION

6:00 - 7:00 P.M.

MONROE ROOM WEST

JOINT BOARDS RECEPTION/DINNER

7:00 - 10:00 P.M.

MONROE ROOM EAST

THURSDAY, APRIL 16, 1987

CAS ADMINISTRATIVE BOARD MEETING

8:00 A.M. - NOON

JACKSON ROOM

JOINT BOARDS LUNCH

NOON - 1:00 P.M.

CONSERVATORY

WASHINGTON HILTON HOTEL

WASHINGTON, D. C.

COUNCIL OF ACADEMIC SOCIETIES
ADMINISTRATIVE BOARD
SCHEDULE

April 15-16, 1987

Wednesday, April 15, 1987

6:00 - 7:00 p.m.	Joint Boards Session Guest Speaker: C. Everett Koop, M.D.	Monroe Room West
7:00 - 10:00 p.m.	Joint Boards Reception/Dinner	Monroe Room East

Thursday, April 16, 1987

8:00 a.m. - noon	CAS Administrative Board	Jackson Room
Noon- 1:00 p.m.	Joint Boards Lunch	Conservatory
1:00 - 3:00 p.m.	Executive Council Meeting	Georgetown Room East

DATES TO REMEMBER

June 17-18, 1987	Administrative Board/Executive Council Meeting Washington, D. C.
September 9-10, 1987	Administrative Board/Executive Council Meeting Washington, D. C.
November 7-12, 1987	AAMC Annual Meeting, Washington, D. C.
January 13-14, 1988 April 6-7, 1988	Administrative Board/Executive Council Meetings Washington, D. C.
April 13-15, 1988	Council of Academic Societies Spring Meeting San Diego, California

COUNCIL OF ACADEMIC SOCIETIES
ADMINISTRATIVE BOARD

Thursday, April 16, 1987
8:00 a.m. - Noon
Jackson Room
Washington Hilton Hotel
Washington, D. C.

AGENDA

- I. Chairman's Report -- *Frank G. Moody, M.D.*
- II. President's Report -- *Robert G. Petersdorf, M.D.*
- III. Action Items
- A. Approval of Minutes.....Y1
 - B. Nominating Committee.....Y8
 - C. Committee on Faculty Practice Report.....B20
 - D. Transition Committee Report Followup.....Y9
 - E. ACGME Policy Matters.....B29
 - F. Proposal for International Medical Scholars Program.....B32
 - G. Committee on Strategies for Promoting Academic Medical
Centers Report.....B13
 - H. JCAH Accreditation and the Academic Medical Center.....B49
 - I. Use of Animals in Medical Education.....B48
Commendation of Tulane University and the Delta Primate Center....Y13
- IV. Discussion Items
- A. Gatekeeper Legislation and the Role of Academic Societies.....Y15
 - B. NSF Proposed Misconduct in Science Policy.....B97
 - C. June 17, 1987 Board Wednesday Evening Meeting
- V. Information Items
- A. Appointment of AAMC Task Force on Physician Supply.....B92
 - B. Housestaff/Postdoctoral Representation Working Group.....Y22

C. 1987 AAMC Annual Meeting Schedule.....	Y23
D. Limited Liability for Officers and Directors.....	B90
E. Legislative Report.....	handout

MINUTES
COUNCIL OF ACADEMIC SOCIETIES
ADMINISTRATIVE BOARD

January 21-22, 1987
Washington Hilton Hotel
Washington, D. C.

PRESENT: Board Members

Frank G. Moody, Chairman*
S. Craighead Alexander
Lewis Aronow*
Joe Dan Coulter
William F. Ganong*
Ernst R. Jaffe'
A. Everette James, Jr.
Douglas E. Kelly
Herbert Pardes

Staff

David Baime*
Thomas J. Kennedy, Jr.*
Joseph A. Keyes, Jr.*
David Moore
Robert G. Petersdorf*
John F. Sherman*
Elizabeth M. Short*
August G. Swanson*
James Terwilliger*
Kathleen Turner*
Carol Wimert*

Guests

Edward J. Stemmler*
Virginia V. Weldon*

*present for part of the meeting

I. PRESIDENT'S REPORT

Dr. Petersdorf explained the reorganization of the Association's staff. He noted that some of the changes are being made, in part, on the basis of information collected during the presidential search. He emphasized that no changes are being made with regard to the external organization of the Association; the present Council structure will remain intact. He added that the Executive Council will be asked to appoint a committee to explore whether housestaff should be represented within the AAMC.

The internal organization of the Association is being restructured so that the staff will be able to interact more readily with all of the Councils. The Office of the President will be expanded, with Dr. Sherman serving as Executive Vice President. Dr. Richard Knapp will assume control of a centralized Office of Governmental Relations within the Office of the President.

The staff will be organized into five divisions. The Division of Biomedical Research will be split out from the former Department of Academic Affairs. The Association will recruit an individual with extensive research experience to head this division and will be seeking suggestions for such an individual from the CAS. The CAS will continue to be staffed by the Division of Biomedical Research.

The Association will recruit an individual as an Associate Vice President for the Division of Academic Affairs to staff the Council of Deans. The COD is being moved to the Division of Academic Affairs to provide the deans with a closer interaction with staff on educational issues. The Division of Academic Affairs will also have a separate section on student programs, evaluation, and research under Dr. Robert Beran.

Dr. James Bentley will head the Division of Clinical Services, which will continue to staff the Council of Teaching Hospitals. This division will also staff the new Group on Practice Plan Activities, which will include practice plan officers who are currently part of the Group on Business Affairs.

The Division of Institutional Planning, under Mr. Keyes, will assume responsibility for the various AAMC data bases, and will staff the Group on Institutional Planning and the remaining Group on Business Affairs.

Dr. Petersdorf also outlined plans for a Division of Public Information, which will have responsibility for various AAMC publications. Dr. Petersdorf said that he plans to increase the scope and visibility of the Journal of Medical Education. This division will also have a section on public information, which will develop and disseminate information on the role and functions of academic medical centers and teaching hospitals.

II. ACTION ITEMS

A. Minutes

The minutes of the September 10-11, 1986, meeting of the CAS Administrative Board were approved as submitted.

B. Membership Application

Dr. Coulter recommended that the Association of Academic Chairmen of Plastic Surgery be admitted to membership in the Council of Academic Societies. Dr. Short reported that Dr. Hunninghake also recommended membership.

ACTION: The CAS Administrative Board voted unanimously to approve the application of the Association of Academic Chairmen of Plastic Surgery for membership in the Council and to forward this recommendation to the Executive Council.

C. 1987 CAS Nominating Committee

The CAS Administrative Board appointed the following individuals to the 1987 CAS Nominating Committee:

Chairman:

Douglas E. Kelly, Ph.D., American Association of Anatomists

Basic Scientists:

Paul C. Bianchi, Ph.D., Association for Medical School Pharmacology

Gordon I. Kaye, Ph.D., Association of Anatomy Chairmen

Jack L. Kostyo, Ph.D., American Physiological Association

Clinical Scientists:

Paul J. Friedman, M.D., Association of University Radiologists

Frank G. Moody, M.D., Society of Surgical Chairmen

Joel G. Sacks, M.D., American Academy of Ophthalmology

Alternates for Basic Scientists:

David H. Cohen, Ph.D., Society for Neuroscience

Thomas E. Smith, Ph.D., Association for Medical School Departments of Biochemistry

Alternate for Clinical Scientists:

Paul Van Arsdel, M.D., American Academy of Allergy and Immunology

D. Establishment of a Joint AAHC/AAMC Forum:

Dr. Petersdorf described the proposal to develop a more formal relationship between the AAHC and the AAMC. The top officials from both organizations would meet at least three times a year to develop joint policy positions. He emphasized that this forum would not have the authority to make decisions independently; positions proposed by the forum would be referred back to the separate governance bodies of the AAHC and the AAMC for approval.

ACTION: The CAS Administrative Board unanimously approved the staff's recommendation for the formal establishment of a joint AAHC/AAMC forum.

E. Health Manpower Initiative

Dr. Petersdorf outlined the proposal for an Association Task Force on Medical Manpower to assist the Association in assuming a national leadership role with regard to future physician supply. He explained that the Task Force will consist of a steering committee and a series of subcommittees on various issues; e.g., physician supply, research personnel, implications for patient services, and foreign medical graduates. He emphasized that this effort will not duplicate the work of the Graduate Medical Education National Advisory Committee (GMENAC). The Task Force will rely on data that have been collected by the AAMC, by various specialties, and by efforts such as GMENAC. Dr. Petersdorf predicted that the Task Force will take 2 years to complete its work. An interim progress report will be prepared for the 1987 AAMC Annual Meeting.

ACTION: The CAS Administrative Board unanimously approved the recommendation to establish a Task Force on Medical Manpower.

F. Impending New York Legislation and NBME

Mr. Keyes explained the status of a bill in the New York State Assembly to prohibit the use of the National Board of Medical Examiners (NBME) examination for licensure unless the NBME changes its policy of limiting access to the exam to graduates of LCME accredited schools. The deans of the New York medical schools are concerned that this bill would place them at a competitive disadvantage because their graduates would be required to take the FLEX exam for licensure. The New York deans have asked the NBME to review its current policies, but the NBME does not appear to favor changing its eligibility requirements. Both the deans and the NBME have approached the AAMC for support.

The NBME says that it wants to maintain the integrity of its exam. It asserts that the exam does not assess all of the factors that need to be evaluated in terms of the appropriate background and training of a physician, which is why the NBME relies on the assessment of an LCME accredited medical school faculty to supplement the exam for the purposes of certification. NBME maintains that admission of foreign medical graduates (FMGs) to the exam would: (a) demean NBME diplomate status, (b) imply that the exam is an adequate assessment of physician training, (c) infer that FMGs receiving a passing score on the NBME exam are equivalent to graduates of LCME accredited schools, and (d) collude in the public relations aspirations of certain foreign medical schools. Finally, the NBME asserts that admitting FMGs to the exam would be tantamount to accrediting foreign institutions.

The counterargument by the New York legislature is that the FMGs are not asking for NBME certification, but only access

to that part of the NBME sequence that is used for licensure in New York.

ACTION: The CAS Administrative Board voted unanimously to approve a statement expressing concern for the New York situation, but the desire to do nothing that would threaten the integrity of the current licensure process.

The Board expressed uncertainty with regard to responding to the NBME request for an Association position. Board members felt that they did not have enough information on the ramifications of a change in current NBME policy to take an informed position on this issue.

G. Treatment of Residents and Fellows for GSL Deferments

Mr. Keyes reviewed the situation with regard to schools that formally enroll residents and fellow as students for the purpose of obtaining loan deferments on Guaranteed Student Loans (GSLs) and ALAS/PLUS loans. He noted that this practice is clearly inconsistent with Congressional intent and that such abuses of the system undermine our future negotiations on this issue. Although schools are reluctant to admit to this practice, the AAMC Committee on Student Financial Assistance believes that it is widespread. The Committee urges the AAMC to send an advisory opinion to member schools to discourage this practice.

ACTION: The CAS Administrative Board voted unanimously to endorse the recommendation to discourage AAMC member institutions and medical student financial aid officers from the practice of classifying residents as students in order to obtain loan deferments.

H. Final Report from the Transition Committee

Dr. Swanson reviewed the recommendations in the final report of the Committee on Graduate Medical Education and the Transition from Medical School to Residency. He noted that one outcome of the committee's work has been a "balancing of the equation;" i.e., a recognition of the concerns of program directors and faculty in addition to the well-known concerns of deans and students about the disruptions of the educational process caused by the resident selection process.

The final report contains two sets of recommendations: those that can be implemented rather quickly and those that will require more negotiation. Among the recommendations that will be acted upon now is a shortening by NRMP of the period between the submission of the rank order lists and the announcement of match results. Dr. Swanson said that the NRMP will survey all specialties as to their preference for dates of submission and match announcement.

Other "immediate" recommendations include a revision of the universal application form, an ad hoc committee to improve deans' letters, a collaboration between the AAMC and NBME to inform program directors of the limitations of the NBME exam in evaluating students' cognitive achievements, and efforts to discourage program directors from suggesting or requiring "audition" electives.

Among the areas that will require more discussion are the problems in coordinating PGY-1 and PGY-2 residencies, efforts to better implement the General Requirements Section of the Accredited Residencies in the accreditation of graduate medical education, and achieving uniform timing for the release of students' academic credentials (including deans' letters). The release of credentials will have to be coordinated with the residency match schedule, which has yet to be announced.

Finally, the AAMC will undertake to sponsor an annual forum of program directors, representatives from other sponsors of the ACGME, representatives from the NRMP, and members of the AAMC councils to review the progress being made in improving the transition. Dr. Swanson said that this forum will be held during the AAMC Annual Meeting.

ACTION: The CAS Administrative Board voted unanimously to endorse the final report of the Committee on Graduate Medical Education and the Transition from Medical School to Residency.

I. AAMC Position on NBME Score Reporting

Dr. Kelly reported on his discussion with the Organization of Student Representatives (OSR) on the CAS position with regard to the reporting of NBME scores. He said that the students still feel strongly that the reasons why the faculty want to preserve score reporting are the same reasons why the students want pass/fail. He said that the students have begun to understand that the score reporting will not change until other methods to evaluate students are developed.

ACTION: The CAS Administrative Board voted unanimously to recommend that the Executive Council rescind its June 1986 position to support pass/fail reporting only of NBME scores, with a provision that the AAMC work to correct abuses of the system.

III. Discussion Items

A. Taxation of Unrelated Business Income

James Terwilliger, from the AAMC Office of Governmental Relations, explained the political background on the issue. Increasingly, the small business community is challenging the tax-exempt status of certain commercial activities carried on by the non-profit sector, including academics. The Internal Revenue Service has concentrated on two principal areas of

interest to AAMC members: the tax status of faculty practice, and the taxability of industry-sponsored research, including clinical trials. The Board agreed that this is a serious problem for member institutions, and that institutions should begin to identify activities at possible risk and prepare to defend these activities.

B. 1987 Annual Meeting

Dr. Short reviewed the tentative changes in the 1987 Annual Meeting program. She noted that the presentation of awards and other Association activities are being moved to Sunday afternoon, when the CAS traditionally held its own plenary session. It was the sense of the Board that the CAS should not hold a separate plenary session this year. The Board also agreed that the Business Meeting on Monday should be extended to 5:00 or 5:30 rather than hold a separate session on Tuesday.

C. The Teaching of Clinical Pharmacology

The Board agreed that a representative from the American Society for Clinical Pharmacology and Therapeutics should be given time at the CAS Spring Business Meeting to discuss the status of issues related to education in clinical pharmacology during the third and fourth years of medical school.

D. CAS Public Affairs Survey

The Board briefly reviewed the results of a survey, taken in the fall of 1986, of the public affairs activities of individual member societies. The Board agreed that the survey results should be presented during the CAS Spring Business Meeting, and that representatives from several societies active in public affairs should be asked to describe their societies' structures and strategies for participating in public affairs.

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1987 CAS NOMINATING COMMITTEE

Representatives from CAS member societies are reminded that the nomination process for the CAS Administrative Board and the position of chairman-elect of the Council are open. The CAS Nominating Committee will meet via conference call in late May. Individual representatives are encouraged to submit recommendations regarding possible Board members. Representatives can submit the names of potential nominees directly to members of the Nominating Committee or send written nominations to the CAS office prior to the conference call. This year, the Nominating Committee will select a clinical scientist as chairman-elect and will select nominees for three other positions on the Board.

Members of the 1987 CAS Nominating Committee are:

Douglas Kelly, Ph.D., Chairman - *American Association of Anatomists*
Paul Bianchi, Ph.D. - *Association for Medical School Pharmacology*
Paul Friedman, M.D. - *Association of University Radiologists*
Gordon Kaye, Ph.D. - *Association of Anatomy Chairmen*
Jack Kostyo, Ph.D. - *American Physiological Society*
Frank Moody, M.D. - *Society of Surgical Chairmen*
Joel Sacks, M.D. - *American Academy of Ophthalmology*

Status of Activities Related to the Transition from Medical School to Residency

The final report of the ad hoc Committee on Graduate Medical Education and the Transition from Medical School to Residency provides an agenda of actions to improve the residency selection process. The status of activity related to the agenda follows:

- Change the National Residency Matching Program schedule: All medical schools and 28 program director organizations have been asked for their preferences of dates for the submission of rank order lists and the release of match results in 1988. It is expected that the NRMP will announce its 1988 schedule around April 1.
- Improve the Universal Application Form: A revision of the form will be undertaken this spring, working with a subcommittee of the Group on Student Affairs.
- Improve Deans' Letters: A working group will be convened this year to develop guidelines on the evaluative information that should be included in letters to program directors.
- Ensure Appropriate Use of NBME Test Scores: A subcommittee of the Group on Medical Education is working with the National Board to develop an informational brochure for program directors.
- Restrain Excessive Audition Electives: Letters have been sent to the presidents of program director organizations asking them to work with their constituents to stop requiring or suggesting to students that they must come to their institutions for electives in order to be considered for selection.
- Improve the Coordination of PGY-1 and PGY-2 Selections: A working group will be convened in the fall of 1987 to explore how the selection of students who will start their speciality training in their second or later graduate years can be improved.

- Ensure Institutional Responsibility: A letter has been sent to the chief executive officers of the sponsoring organizations of the Accreditation Council for Graduate Medical Education to urge their involvement in implementing the General Requirements section of the Essentials of Accredited Residencies.
- Establish a date for the Release of Deans' Letters: All medical schools and the presidents of 23 program director organizations were surveyed to determine their preferences for the time interval between the receipt of deans' letters and transcripts and the submission of rank order lists to the NRMP by the programs. The results of the survey are shown in Table 1.

Looking at the schools' preferences, 14 weeks (3½ months) would appear to be an acceptable interval. Although 11 program director organizations preferred 16 weeks, 6 preferred 12 weeks and 1 preferred 14 weeks. Thus, 14 weeks should also be acceptable to the program directors who will receive the letters.

If the deadline for rank order list submission is set by the NRMP for Friday, February 26, 1988 (one of the options), and a 14 week interval is applied, deans' letters would be sent on November 20, 1987. For the early matching specialties (ophthalmology, otolaryngology, neurology, neurosurgery, and urology) the same interval would be applied. Thus, if the ophthalmology match deadline is moved to January 15, 1988, ophthalmology program directors would be provided deans' letters for their candidates on October 9, 1988.

The Council should discuss the data on the preferred intervals and reach a consensus for recommendation to the Executive Council.

AAMC/Division of Academic Affairs
March 1987

TABLE 1

Preferred Interval for the Time Between Receipt of Deans'
Letters and Submission of NRMP Rank Order Lists

<u>Number of Weeks</u>	<u>Number of Schools</u>	<u>Number of Program Director Organizations</u>	<u>Totals</u>
10	1	---	1
12	37	6	43
14	29	1	30
16	31	11	42
18 - 20	2	---	2

TABLE 2

Preferred Interval for the Time Between Receipt of
Deans' Letters and Submission of NRMP Rank Order
Lists by Program Director Organizations

<u>Specialty Organization</u>	<u>12 weeks</u>	<u>14 weeks</u>	<u>16 weeks</u>
American Academy of Allergy & Immunology	X		
Society of Academic Anesthesia Chairmen			X
Society of Teachers of Emergency Medicine			X
Association of Departments of Family Medicine	X		
Association of Program Directors in Internal Medicine			X
Association of Professors of Medicine			X
Association of University Professors of Neurology	X		
Association of University Professors of Ophthalmology		X	
Association of Orthopaedic Chairmen			X
Association of Academic Departments of Otolaryngology			X
Association of Pathology Chairmen	X		
Association of Medical School Pediatric Department Chairmen			X
Association of Academic Psychiatrists			X
Association of Teachers of Preventive Medicine			X
American Association of Chairmen of Departments of Psychiatry			X
American Association of Directors of Psychiatric Residency Training			X
American Association of Plastic Surgeons	X		
Society of Surgical Chairmen	X		
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TOTALS	6	1	11

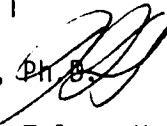


association of american medical colleges

March 31, 1987

MEMORANDUM

TO: Executive Council

FROM: John F. Sherman, Ph.D. 

SUBJECT: Commendation for Tulane University and the Delta Primate Center

Late in June, 1986, the National Institutes of Health contacted a number of institutions including some of the NIH-supported primate centers in an effort to find an alternative site for the custody of the fifteen so-called "Silver Spring" monkeys, then at the NIH animal farm. That effort was undertaken in order to lessen the pressure from the Congress on the Department of Health and Human Services and NIH to move the animals to Primarily Primates, a self-designated sanctuary for exotic animals in Texas, as proposed by the People for Ethical Treatment of Animals (PETA). It was felt by the Office of the Secretary, DHHS and the NIH that if the animals were no longer physically present in the politically charged Washington atmosphere, it might be possible to work out a more satisfactory long-range solution than being forced to bow to the demands of the animal rights group. It is predictable that PETA would have ready access to exploit the animals for propaganda purposes were they to be given to a PETA-designated facility.

Only Tulane University with its Delta Primate Center was willing to accept the animals, even on a temporary basis, but with the understanding imposed by NIH that:

- (1) No further invasive research would be performed on the animals,
- (2) Any other activities such as the recommended amputation of the deafferented arms on the eight surgically treated animals would require NIH approval,
- (3) Resocialization efforts would be attempted for all the animals, and
- (4) The costs of maintaining the animals would be borne largely by other than federal funds.

Although the advisability of the last element was questioned by several of us at the time, there has appeared no reasonable alternative, and efforts have begun to raise funds so as not to burden Tulane with further responsibilities.

Officials at Tulane have asked for expressions of support from the community, and it seems appropriate to recognize what they have undertaken and commend them for it. Thus, the following statement is suggested for adoption by the Council and transmission to President Eamon Kelly of Tulane:

"The Executive Council of the Association of American Medical Colleges thanks and commends the faculty and staff of Tulane University and the Delta Primate Center for their contributions to the advancement of our nation's biomedical research enterprise. Their willingness to assist the National Institutes of Health by accepting custodianship of the "Silver Spring" monkeys has rendered an invaluable service to the cause of medical research. The thoughtful and deliberate manner in which they have undertaken this responsibility has aided significantly in ameliorating a complex and difficult situation. It has contributed as well to an increase in public confidence that the scientific community is committed to the humane care and use of laboratory animals. The AAMC expresses its gratitude on behalf of the entire medical education community."

Gatekeeper Legislation and the Role of Academic Societies

Background

The Omnibus Reconciliation Act of 1986 (OBRA) prohibits payment plans to PPS hospitals and risk-contracting HMOs that provide financial incentives to "gatekeeper" physicians to encourage reduced services to Medicare/Medicaid beneficiaries (Attachment 1). A letter from the American Society of Hematology expresses the concern, first raised by the American Academy of Dermatology, that strenuous efforts will be made in this Congress to overturn these provisions (Attachment 2). The CAS Representative of ASH wishes to inform us of the coalition of subspecialty societies formed to oppose such legislation and to raise several questions:

1. If AAMC is not involved in the gatekeeper issue at this time, is there a mechanism for informing CAS Societies of such issues so that they may decide for themselves whether to become active in a particular coalition?
2. Would the CAS/AAMC consider becoming involved in this specific issue? If so, would AAMC join or interact with this coalition?

Discussion

The Board may wish to discuss both the specific gatekeeper legislation and the generic issue of the use of CAS as a conduit for issues on which the Association may not take a position.

1. Does the Board believe that CAS/AAMC could take a position in support of the OBRA 86 that would find uniform support within the diversity of CAS Societies?
2. What role does the Board believe CAS should play in information exchange among its member societies concerning issues on which a subset of societies is involved in a coalition? What vehicle could be used for such an exchange?



(414) 257-2111
Office of the Dean and
Academic Vice-President

February 9, 1987

Frank G. Moody, M.D.
Chairman, Department of Surgery
University of Texas Medical School-Houston
Houston, Texas 77225

Dear Dr. Moody:

I am writing to you in your capacity as Chairman of the CAS. I am Chairman of the American Society of Hematology Public Education Committee.

We have recently entered into a coalition with several sub-specialty societies who are interested in legislation dealing with the "Gatekeeper" issue. I have enclosed a copy of a letter from Peyton Weary which describes this activity. The Coalition met on January 30th, and many societies were represented at that meeting.

While this Coalition is likely to be a useful political force, I question whether the Council of Academic Societies views engaging in political issues such as these to be a part of its mandate. I have discussed this with Ernie Jaffe', who has represented ASH to the CAS for a number of years, and he suggested that I raise the question with you. I would appreciate your thoughts.

Sincerely,

Richard A. Cooper, M.D.
Dean

/rlm

cc: Dr. Ernst Jaffe'



AMERICAN ACADEMY of DERMATOLOGY, Inc.

December 30, 1986

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Bradford W. Claxton

Richard A. Cooper, M.D.
American Society of Hematology
Dean, Medical College of Wisconsin
8701 Watertown Plank Road
Milwaukee, WI 53213

Dear Dr. Cooper:

I am writing to you because I am aware of your Society's abiding concern about the gatekeeper pattern of health care and its negative impact upon appropriate referral of patients to specialists. An issue has arisen recently which the American Academy of Dermatology believes makes it imperative to form a broad-based strong coalition of medical organizations to become politically active.

In the recently passed Omnibus Reconciliation Act of 1986 the Congress included provisions which would prohibit certain physician incentive plans created by hospitals, HMOs and Competitive Medical Plans (CMPs) which would tend to reduce or limit services provided to Medicare and Medicaid patients (see attachments).

This legislation was strongly opposed by some members of Congress during the discussions which took place prior to passage and it was only at the insistence in conference of Congressman Fortney Stark, Chairman of the Health Subcommittee of the House Ways and Means Committee, that it was included in the final legislation.

This provision, needless to say, has produced considerable consternation among HMO and CMP provider groups and also is of great concern to the Administration which is anxious to promote the growth of HMOs and CMPs. It is our belief that these powerful, and well-financed, organizations will undertake intense lobbying efforts in the early days of the next Congress to overturn these provisions and, unless strong lobbying efforts are undertaken by a coalition of equally concerned groups which can demonstrate broad-based support for retention of the provisions, the opposition may be successful.

The legislation is written in very broad language, and while it would seem that it would be most helpful in terms of dealing with the gatekeeper issue, it will certainly be the subject of various interpretations by the interested parties, and also certainly will be the subject of interpretive regulations by the Department of HHS. Additionally, it is certain that those who desire to keep, and to extend the reach, of gatekeeper programs, certainly

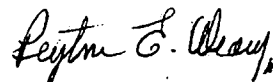
Page 2

will attempt to emasculate the legislation and subsequent regulations, and probably will seek in the next Congress to delete the new legislation entirely by means of an amendment during consideration of next year's budget reconciliation bill.

It is for this reason that the organizations listed in this letter are soliciting the participation of your Society in a coalition to lobby the Congress early next year to retain the provisions which we feel provide a strong protection against the erosion of quality of care which may occur as a result of physician incentive plans designed to limit referrals and to positively affect the drafting of the regulations. We would hope that your Society would not only agree to participate in such a coalition, but would also seek to enlist the support of the lay organizations which affiliate with your Society and which would thus have an obvious interest in preserving their access to services provided by your members. We would hope that these affiliated groups would be willing to serve as signatories to any documents we may wish to submit to the Congress but they need not (unless they wish to do so) participate in the coalition's meetings.

To this end, we would propose to have an organizing meeting of the new coalition in Washington, D.C. on January 30, 1987 at the Hyatt Regency Washington on Capitol Hill, Columbia Foyer (Ballroom Level), 400 New Jersey Avenue, N.W. from 9 A.M. to 12 noon. We would hope that your organization will send a top-level representative (preferably the individual who heads your public affairs or Congressional Liaison Committee) to this organizing meeting. Because of the need to move quickly on this issue, may we have a response from your organization by January 12, 1987? My address and phone are shown below.

Yours sincerely,



Peyton E. Weary, M.D.
Washington Representative from the
Council on Governmental Liaison
American Academy of Dermatology
c/o Department of Dermatology
University of Virginia Hospital
Charlottesville, VA 22902
(804, 924-5115)

Enclosures

Other Sponsoring Societies of the "Coalition to Preserve Quality Care":

American Society of Hematology
American Society for Gastrointestinal Endoscopy
American Society of Clinical Oncology
American Urological Association
American Academy of Otolaryngology-Head and Neck Surgery

MEMORANDUM

TO: Elizabeth M. Short, M.D.

FROM: Carl Taylor *CT*

SUBJ: OBRA Limitations on Gatekeeper Incentives

Section 9313(c) of the Omnibus Reconciliation Act of 1986 (OBRA) (Attachment 1) prohibits certain payment plans that provide financial incentives to "gatekeeper" physicians to encourage reduced or limited services to Medicare and Medicaid beneficiaries.

Current law provides that prospective payment system (PPS) hospitals are responsible for all the costs of all medically necessary services provided to Medicare and Medicaid patients. TEFRA similarly requires HMOs and CMPs (competitive medical plans) entering into risk contracts with HHS to accept financial responsibility for the cost of all covered benefits.

Because PPS hospitals and risk-contracting HMOs and CMPs are reimbursed a prospectively set amount for services provided to Medicare and Medicaid beneficiaries, providers stand to gain financially when services provided to beneficiaries cost less than the amount of the prospectively set payment they receive for the services. Similarly, providers lose money if, in the aggregate, they provide services in excess of payments received.

Section 9313(c) of OBRA prohibits hospitals and those HMOs and CMPs under risk contracts (currently about 155) from making incentive payments to physicians to encourage reduced or limited services to Medicare and Medicaid beneficiaries.

A civil monetary penalty of not more than \$2,000 will be imposed on each hospital or risk-contracting HMO or CMP for each beneficiary for whom an incentive payment is made. This fine also will be applied to each physician accepting an incentive payment for each beneficiary for whom a payment is accepted. Penalties against hospitals and physicians accepting payment from hospitals go into effect 6 months after enactment of OBRA (May 1986). Penalties against risk-contracting HMOs and CMPs and physicians accepting incentive payments from them go into effect on April 1, 1989.

Section 9313(c) of OBRA also requires HHS to conduct a study of incentive arrangements offered to physicians by HMOs and CMPs and report to Congress by January 1, 1988. This study should include a review of incentive plans used by HMOs and CMPs, an evaluation of their potential to pressure physicians into reducing or limiting their services to Medicare and Medicaid beneficiaries and recommendations concerning an exception for incentive

arrangements which encourage efficiency without jeopardizing quality care.

This study is now underway. In December, 1986, HHS contracted with ICF, Inc., a consulting firm located in Washington, D.C., to conduct this study. The scope of work is attached (Attachment II).

October 17, 1986

SEC. 311. PROVISIONS RELATING TO IMPROVEMENT
OF QUALITY OF CARE.*(c) PROHIBITION OF CERTAIN PHYSICIAN IN-
CENTIVE PLANS.—*

*(1) MAKING CERTAIN PLANS SUBJECT TO CIVIL
MONETARY PENALTIES.—Section 1128A of the
Social Security Act (42 U.S.C. 1320a-7a) is
amended—*

*(A) by striking "subsection (a)" each place
it appears and inserting "subsection (a) or
(b)";*

*(B) in subsection (a)(1), by striking
"(h)(1)" and "(h)(2)" and inserting "(i)(1)"
and "(i)(2)", respectively;*

*(C) in subsection (f), by striking "subsec-
tion (d)" and inserting "subsection (e)";*

*(D) by redesignating subsections (b)
through (h) as subsections (c) through (i), re-
spectively, and*

*(E) by inserting after subsection (a) the
following new subsection:*

*"(b)(1) If a hospital, an eligible organiza-
tion with a risk-sharing contract under sec-
tion 1876, or an entity with a contract
under section 1903(m) knowingly makes a
payment, directly or indirectly, to a physi-
cian as an inducement to reduce or limit
services provided with respect to individ-
uals who—*

*"(A) are entitled to benefits under part A
or part B of title XVII or to medical assist-
ance under a State plan approved under
title XIX,*

*"(B) in the case of an eligible organization
or an entity, are enrolled with the organiza-
tion or entity, and*

*"(C) are under the direct care of the physi-
cian,*

*the hospital or organization shall be subject,
in addition to any other penalties that may
be prescribed by law, to a civil money penal-
ty of not more than \$2,000 for each such in-
dividual with respect to whom the payment
is made.*

*"(2) Any physician who knowingly accepts
receipt of a payment described in paragraph
(1) shall be subject, in addition to any other
penalties that may be prescribed by law, to a
civil money penalty of not more than \$2,000
for individual described in such paragraph
with respect to whom the payment is made."*

*(2) EFFECTIVE DATE.—The amendments
made by paragraph (1) shall apply to—*

*(A) payments by hospitals occurring more
than 6 months after the date of the enact-
ment of this Act, and*

*(B) payments by eligible organizations or
entities occurring on or after April 1, 1989.*

*(3) STUDY.—The Secretary of Health and
Human Services shall report to Congress,
not later than January 1, 1988, concerning
incentive arrangements offered by health
maintenance organizations and competitive
medical plans to physicians. The report
shall—*

*(A) review the type of incentive arrange-
ments in common use,*

*(B) evaluate their potential to pressure
improperly physicians to reduce or limit
services in a medically inappropriate
manner, and*

*(C) make recommendations concerning
providing for an exception, to the prohibi-
tion contained in section 1128A(b) of the
Social Security Act, for incentive arrange-
ments that may be used by such organiza-
tions and plans to encourage efficiency in
the utilization of medical and other services
but that do not have a substantial potential
for adverse effect on quality.*

Working Group on Housestaff/Postdocs in AAMC

The CAS Board wishes to continue discussion within the Board of the advisability and feasibility of incorporating housestaff representation into the structure of the AAMC, possibly with a view to interacting with the AAMC ad hoc Committee being established to examine this issue. Additionally, the Board, while understanding that the Officers at the Annual Retreat were not in favor of exploring the issue of representation of post-doctoral fellows in the Association at this time, wishes to continue to explore the advisability and feasibility of requesting further consideration of this proposal after the Housestaff ad hoc completes its deliberations. To this end, Drs. Ganong, Alexander, Cohen and Jaffe' will constitute a working group of the Board to explore these issues.



association of american medical colleges

MEMORANDUM

TO: CAS MEMBER SOCIETY PRESIDENTS AND SECRETARIES

FROM: Frank G. Moody, M.D., Chairman, Council of Academic Societies

SUBJECT: 1987 AAMC Annual Meeting

The 1987 Annual Meeting of the Association of American Medical Colleges will be held November 6-12 in Washington, D.C. On behalf of the Council of Academic Societies, I would like to invite each of the chairmen's groups in the CAS to meet in Washington in conjunction with the AAMC and CAS annual meetings.

As you can see from the attached schedule, the format for the AAMC meeting has been changed to allow more substantive discussion of policy issues, as took place last October during the Special General Session on the Transition from Medical School to Residency. I think you will agree with me that the theme of this year's meeting -- "The Supply of Physicians: Toward a National Policy" -- is a particularly critical issue for our medical schools and academic medical centers and for their faculty.

The Association is making additional time and hotel space available for CAS member societies to hold their annual meeting, an interim session, or a board meeting in Washington during the AAMC meeting. Meeting rooms will be available on Friday, Saturday, and Sunday -- November 6, 7, and 8 -- for societies. Individual members of CAS member societies are urged to stay to participate in the AAMC activities, which will begin with a Sunday afternoon plenary and a Monday morning discussion of manpower policy.

I urge your society to take advantage of this opportunity to participate with the AAMC. I believe that such interactions will strengthen our efforts -- both individually through our constituent societies and collectively through the AAMC -- as we move forward to meet the challenges that confront academic medicine. Reservations for meeting times and rooms should be made on the enclosed forms and sent to Ms. Rosemary Choate (202) 828-0463. Additional information on the programs for the AAMC and CAS annual meetings is available from Dr. Elizabeth M. Short (202) 828-0480.

Attachment

	**FRI.	SAT.	SUN.	MON.	TUES.	WEDS.	THURS.
A.M.	OSR Groups Societies Open	OSR Groups Societies Open	OSR Groups Societies Open	PLENARY SESSION	ASSEMBLY Open	Groups Societies RIME Open	Groups Societies Open
P.M.	OSR Groups Societies Open	OSR Groups Societies Open	Open: Noon-4:30 PLENARY SESSION: 4:30-6:00	AAMC Council Meetings	Open	Groups Societies RIME Open	Groups Societies Open
Evenings are Open							

**Friday meeting space is limited and we may not be able to accommodate all requests for that day.

SPECIAL NOTE: Unless we have been notified otherwise, this memo has been sent to the President and to the Secretary of each CAS member society. If neither is the "Program Coordinator," please forward to the appropriate person as soon as possible to avoid scheduling delays.