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P/S/R/O Update

1974-03

P/S/R/O update: March 1974 no. 1

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P/S/R/O

Update

From Boston University Medical Center

This is the first in a series of newsletters intended to keep Massachusetts physicians up to date on the development of Professional Standards Review Organizations (PSROs) and related trends in the practice of modern medicine.

Background

With the passage in late 1972 of the Bennett Amendment as part of Public Law 92-603, the process of **peer review** of the activities of physicians and other health-care providers has assumed major importance. Specifically, the review process seeks to determine that, for Medicare and Medicaid patients:

- the services and items of care are medically necessary;
- the quality of services meets the professionally recognized standards, as determined by previously established criteria;
- the services are provided in the most appropriate setting.

PSRO Designations in Massachusetts

Geographical designations for PSRO development were published in the **Federal Register** of December 21, 1973. Five PSRO areas were delineated for Massachusetts:

- **Eastern and Northeastern Massachusetts** (the area encompassed by the Bay State Foundation for Medical Care);
- **Southeastern Massachusetts**, the area covering the Barnstable, Plymouth and Bristol South Medical Societies (Pilgrim Foundation for Medical Care);
- an area comprised of the **Charles River** District Medical Society and the **Middlesex Western** Medical Society (Charles River Health Care Foundation);
- the **Greater Worcester** area (Central Massachusetts Health Care Foundation);
- the **Western Massachusetts** area (Western Massachusetts Health Care Foundation).

Role of Boston University Medical Center

Under a grant awarded by the Tri-State Regional Medical Program, Boston University Medical Center will assist in the **planning and development of PSROs** in a variety of ways. Upon request from any developing PSRO, this assistance will be provided in the development of criteria, norms and standards; in traditional postgraduate medical programs, as indicated; and in technical assistance in the development of quality-assurance programs utilizing the resources of the state and district medical societies. Although the grant has a special focus on assistance to the Pilgrim Foundation for Medical Care in its development of a PSRO, the Medical Center will assist, upon request, PSROs developing in the rest of Massachusetts and throughout the Tri-State RMP region.

As a project of this grant, this newsletter aims to summarize relevant PSRO information in a **comprehensive, nonpartisan manner**. The newsletter's scope includes all information pertinent to PSRO development locally, statewide and nationally.

Co-principal investigators are Robert L. Murphy, executive director of Tri-State RMP, and Richard H. Egdahl, M.D., director of Boston University Medical Center. Paul Gertman, M.D., is project director of the grant's technical-assistance component, and Daniel S. Bernstein, M.D., is project director of the educational component. Drs. Gertman and Bernstein are associated with BUMC.

Further information about the grant and BUMC's role in PSRO assistance in Massachusetts can be obtained from Dr. Bernstein at (617) 247-1973.

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Grant to Pilgrim Foundation

The Pilgrim Foundation for Medical Care has received a grant from the Tri-State Regional Medical Program to assist in the development of a PSRO in **Southeastern Massachusetts**. The Tri-State grant acts as "seed" funding to assist the Pilgrim FMC in a grant proposal for federal funds that would allow the development of a functional PSRO.

Recently chartered, the Pilgrim FMC currently draws its membership from the Barnstable and Plymouth County District Medical Societies, and it is rapidly growing. While Pilgrim, by law, cannot be the organizational applicant for the PSRO in its designated area, it intends to form a separate organization to include the physicians and osteopaths in the area and which will perform the mandated functions of a PSRO.

Further information about the Pilgrim FMC can be obtained from its president, Samuel Stewart, M.D. (see FMC listings); Edwin Pollard, M.D., its secretary-treasurer (Norwood Hospital); and William Luke, M.D. (Cape Cod Hospital).

Proposed Expansion of Utilization Review

HEW has abandoned its attempt to require pre-admission certification of all elective hospital admissions of Medicare and Medicaid patients. The proposed set of regulations, published January 9 in the **Federal Register**, would have significantly altered UR practice in advance of PSRO operation. In announcing the decision to drop the regulations, HEW Secretary Caspar Weinberger said **alternative methods of reviewing hospitalization would be sought**, and that the period for **public comment** on such review procedures would be **extended to March 11**.

It is understood that the proposed regulations were withdrawn after strenuous objections by the medical profession. Secretary Weinberger said that objections to the proposals indicated that physicians would refuse to serve on pre-admission review committees, and that this might lead to situations where hospital administrators would reluctantly have to make medical decisions. He added, "We are committed to the development of procedures which will not infringe on the physician's duty to make medical judgments in the best interests of his patients, but which also serve the taxpayer."

According to a news report, HEW Assistant Secretary Charles Edwards, M.D. opposed pre-admission review on the grounds that it involved too much regulation. He is understood to favor the use of PSROs to identify physicians who tend to hospitalize their patients "unnecessarily."

Data and Norms

In early January the National PSRO Advisory Council Subcommittee on Data and Norms delineated three categories of information essential to the functioning of PSROs:

- (1) **Coding systems:** The problem is to generate a **uniform system**, or at least a compatible system, for recording and retrieval of clinical and health-care data.
- (2) **Data, norms and review methodologies:** The PSRO law refers to three methodologies:
 - a. **Prospective review** will take the form of pre-admission certification.
 - b. **Concurrent review** is in-hospital audit by a UR committee.
 - c. **Retrospective review** covers individual claims; patient, practitioner, institutional or diagnosis profiles; and special studies.
- (3) Criteria for **evaluation of in-house review systems**.

HMO Developments

The recently passed Health Maintenance Organization (HMO) law (PL93-222) has been sent to HEW, where an HMO task force has begun to write **implementing regulations**. Paul Batalden, M.D., chairman of the task force, expects drafting to be complete by April 1. Many members of the American Association of Foundations for Medical Care are on the sub-task forces.

The HEW budget for HMOs is **\$30 million for fiscal 1974 and about \$55-60 million for fiscal 1975**. Monies will probably first be directed toward the planning phase of HMO development in various localities, and a considerable sum may go toward quality-assurance research by on-going, as well as developing HMOs. The regulations undoubtedly will clarify HEW's intentions toward HMO development.

Federal Appointment

HEW Secretary Caspar Weinberger has appointed **Henry Simmons, M.D.** as permanent director of the Office of Professional Standards Review (OPSR). Dr. Simmons has been acting director of OPSR since the resignation last September of William Bauer, M.D. Dr. Simmons also retains his title and responsibilities as deputy assistant secretary for health.

Foundations for Medical Care and CHAMP

As indicated above, all of the PSRO-designated areas have functioning or developing **Foundations for Medical Care** (FMCs). The Foundations are currently involved with CHAMP, the Commonwealth Hospital Admissions Monitoring Program, which monitors pre-admission approval and certification of length of stay for hospitalized Medicaid patients. CHAMP is operated by the Commonwealth Institute of Medicine (CIM), under a contract from the state's Office of Human Services. The contract states that CIM will relinquish its management function as PSROs become operational over the next few years, since the PSROs are mandated to review both Medicaid and Medicare health care.

Grant for PSRO Study

The Kellogg Foundation has awarded a two-year, \$1-million grant for the purpose of creating six viable and highly visible prototype PSROs that will assess quality as well as cost controls. The investigation is a collaborative project of the American Association of Foundations for Medical Care, the American College of Physicians, the American Hospital Association and the American Society of Internal Medicine, organized into the Institute for Professional Standards. Sites for development of the model PSROs have not yet been announced.

Local Information

Bay State Foundation for Medical Care, Inc.
100 Charles River Plaza
Boston, MA 02114 Tel. (617) 723-9443
Richard Kahan, executive director

Pilgrim Foundation for Medical Care, Inc.
Route 28 Office Building
Middleboro, MA 02346 Tel. (617) 746-0754
Samuel Stewart, M.D., president

Charles River Health Care Foundation, Inc.
2000 Washington Street
Newton, MA 02162 Tel. (617) 969-8314
Robert Kerr, M.D., president-elect

Central Massachusetts Health Care Foundation, Inc.
390 Main Street
Worcester, MA 01608 Tel. (617) 753-1579
James Cosgrove, M.D., president
Mrs. Joyce S. Forbes, executive director

Health Care Foundation of Western Massachusetts, Inc.
1414 State Street
Springfield, MA 01109 Tel. (413) 736-7148
Robert LaMarche, M.D., president
Mrs. Vivian Purdy, executive director

Reading Suggestions

For reliable background information on PSROs, HMOs and FMCs:

Paul M. Elwood Jr.: "If We Turn Our Backs on HMOs . . ." *Prism*, November, 1973

Richard H. Egdahl: "Foundations for Medical Care." *New England Journal of Medicine* 288:491-498 (March 8), 1973

Claude E. Welch: "Professional Standards Review Organizations— Problems and Prospects." *New England Journal of Medicine* 289: 291-295 (August 9), 1973.

Timely Publications

FMC officials and staff members might want to consider subscriptions to the following newsletters:

AAFMC News Letter
P.O. Box 230
Stockton, CA 95201
\$75/year or \$6.25/month

PSRO Letter
(A Report from Washington on PSROs)
437 National Press Building
Washington, D.C. 20004
\$150/year
a McGraw-Hill publication

Upcoming Meetings

Boston University Medical Center presents its second symposium on "Peer Review Components of the Health Care System" Thursday, March 28 at Chester Scott Keefer Auditorium, University Hospital, 75 East Newton Street, Boston. Herbert Hechtman, M.D., associate professor of surgery at B.U. School of Medicine, will moderate a full-day program on **Preadmission Certification and Elective Surgery**. Massachusetts physicians will receive a separate announcement of the program. Fee for the session, including lunch, is \$25. For further information please contact Daniel S. Bernstein, M.D., (617) 247-1973.

The regional conference of the American Association of Foundations for Medical Care (AAFMC) will take place in Boston April 26-28. The fee is \$75 for members of an FMC and \$100 for non-FMC members. Registration should be mailed to AAFMC, P.O. Box 230, Stockton, CA 95201.

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