

# The Week in Healthcare

**PURCHASING** >> *Joseph Mantone*

## GPO hearing inconclusive

*Senators wait for response on bills to tighten regulation*

The fourth Senate Judiciary Committee antitrust subcommittee hearing investigating the business practices of group purchasing organizations still isn't likely to result in legislation that beefs up regulation, but the hearing hasn't ended the speculation that Congress eventually will act, either.

Even though leaders of the subcommittee

are again making moves that could lead to introducing bills in Congress, passage before the expected October recess would be unlikely. The leaders are giving GPOs a chance to prove their self-regulation effort is sufficient to ward off legislation.

Sens. Mike DeWine (R-Ohio), subcommittee chairman, and Herb Kohl (D-Wis.), its ranking

minority member, said legislation was being considered, but they would wait for GPOs' responses on three drafted bills—that haven't been introduced—before deciding to go ahead with one. GPOs act as middlemen between hospitals and manufacturers, and they say their existence is vital to negotiating lower rates on supplies for hospitals. But they've also been accused of getting too cozy with the large suppliers they're supposed to be negotiating with.

The senators said they would be mailing questionnaires about the possibility of legislation to GPOs. If the senators decide to move ahead with a bill, it would likely be another month before one was submitted and that wouldn't give senators much time in the current session to act.

At last week's hearing, no GPO executives accepted an invitation to testify, to the disappointment of DeWine and Kohl. The Health Industry Group Purchasing Association, the GPOs' trade group, instead nominated Mina Ubbing, president and chief executive officer of Fairfield Medical Center, Lancaster, Ohio, and Richard Bednar, the coordinator of the GPO industry ethics initiative, to testify.

A HIGPA spokesman said the group wanted Bednar to speak about the ethical strides GPOs have made instead of having one CEO speak for the entire industry.

Even if the GPO industry has forestalled legislation, that doesn't mean it's not coming,



**Sens. DeWine, left, and Kohl say they have bills drafted, but they are waiting for GPOs' responses before moving ahead with one of them.**

**POST-ACUTE** >> *Jessica Zigmund*

## Payment changes debated

*LTCHs worry that payment levels will be too low*

The debate about proposed Medicare payment changes for long-term-care hospitals intensified last week at a House subcommittee hearing held just before the March 20 close of a CMS comment period on the proposals.

As of March 17, the CMS had posted one electronic comment and seven letters on its

Web site, which are critical of the CMS' proposed rule changes, arguing that the new payment levels would not be sufficient.

On Jan. 27, the CMS published the long-term-care hospital prospective payment system proposed rule that, in addition to freezing the marketbasket update for 2007, would change reimbursements for short-stay

outliers, or patients who stay at those facilities fewer than the average 25 days (Jan. 30, p. 14).

Healthcare providers were clear in their opposition to the proposals. The American Hospital Association said in a comment letter last week that the CMS proposal is "excessive and would severely and inappropriately threaten patient access to LTCH care."

On Capitol Hill, Rep. Nancy Johnson (R-Conn.), chairwoman of the Health Subcommittee of the House Ways and Means health subcommittee, led the hearing that allowed key players in the debate to discuss the Medicare payment policy, the proposed rule and the Medicare Payment Advisory

