

ASSOCIATION OF LIFE INSURANCE MEDICAL DIRECTORS OF AMERICA

ALIMDA DELEGATE TO AMA Report

1990 ANNUAL MEETING OF THE
HOUSE OF DELEGATES, AMERICAN
MEDICAL ASSOCIATION

Introduction

The AMA House of Delegates met in Chicago June 24-28, 1990. There were 436 delegates seated, including 348 delegates representing state medical associations, 78 delegates representing national medical specialty societies (including ALIMDA), and 10 section and service delegates representing medical students, medical schools, resident physicians, Army, Navy, Air Force, United States Public Health Service and the Veterans Administration. The volume of business was the heaviest in history with 295 resolutions and 110 reports (see note in CONCLUSION). A broad-range of issues were considered in socio-economics, science, ethics and governance of the Association.

Governance of the Association

At the 1989 Interim Meeting the Board of Trustees presented Report QQ, "Strengthening the AMA—Fiscal Responsibility and Oversight," to the House of Delegates. The report provided the background concerning press reports of the reimbursement from AMA funds to former AMA Chief Operating Officer Whalen M. Strobhar for losses incurred in his Executive Variable Benefit Plan (EVBP) money market investment during the October, 1987 stock market crash, as well as an AMA loan to a former deputy executive vice president, Richard A. Noffke, used for the purchase of a home, which loan was later taken to foreclosure by the AMA. The Board presented its findings and actions in respect to both matters. Those findings were premised upon reports to the Board by its independent legal counsel, Jenner & Block.

At the 1989 Interim Meeting, the Board directed Jenner & Block to continue its broad investigation and expand it as

Jenner & Block recommended and the Board deemed necessary. The Board received additional reports from Jenner & Block and presented the additional findings of its investigation, which is complete, to the House of Delegates at this meeting.

The investigation by Jenner & Block examined all of the matters which were of primary concern to the Board, the House and the membership, including:

- the specific transactions involving Dr. Sammons, Mr. Strobhar, Mr. Noffke and Mr. Miller which had been the subject of press reports
- all other transactions which appeared unusual or about which any suggestion of inappropriateness had been made
- expenditures involving AMA's Washington residence known as the Needham House
- AMA Subsidiaries
- real estate purchases and loans involving AMA employees
- consultant contracts
- pension policies and pension fund management
- financial and other related management controls
- the authority and accountability of senior staff
- executive compensation, including perks and expense accounts
- the various processes through which the Board exercises its fiduciary responsibility and oversight role.

The investigation covered a period of time in excess of a decade, and had the full cooperation of AMA staff. Several actions were taken by the Board as the investigation progressed, and recommended changes in AMA financial policies put forward by Independent Counsel were adopted by the Board. The Board report adopted by the House also expressed strong disapproval of the extraordinary financial events which oc-

curred, its commitment to insure no recurrence, and its regret that controls were not in place to provide it with the knowledge necessary to have prevented the events.

Independent counsel concluded that "there were a number of instances in which the Executive Vice President failed to inform the Board of Trustees of financial transactions in which the Executive Vice President directed that AMA funds be paid to or for the benefit of close AMA associates of the Executive Vice President; and, that when it became aware of its lack of information the Board acted promptly and prudently to investigate and to strengthen the financial controls of the AMA so as to prevent any activity in the future which could subject AMA to legal jeopardy or adverse publicity; and, that controls are now in place to eliminate the likelihood of a recurrence of similar transactions."

The Reference Committee met privately with a representative of Jenner & Block, independent counsel, and expressed its appreciation for "both the openness with which information was shared and the directness of responses to its questions." The Reference Committee reported that it was satisfied that the Board's report of the investigation "accurately reflects the full report of independent counsel."

In a related action the House adopted a substitute resolution that called upon the AMA Board of Trustees to:

- evaluate the roles of its elected officers and the Executive Vice President with regard to delineation of duties, functions, obligations, and responsibilities
- make available to the House of Delegates on a yearly basis, the total compensation of its individual elected officers and the EVP.

Fundamental Elements of the Patient-Physician Relationship

The House adopted the following report from the Council on Ethical and Judicial Affairs that describes six areas of funda-

mental rights of patients in their relationship with physicians.

"From ancient times, physicians have recognized that the health and well-being of patients depends upon a collaborative effort between physician and patient. Patients share with physicians the responsibility for their own health care. The patient-physician relationship is of greatest benefit to patients when they bring medical problems to the attention of their physicians in a timely fashion, provide information about their medical condition to the best of their ability, and work with their physicians in a mutually respectful alliance. Physicians can best contribute to this alliance by serving as their patients' advocate and by fostering these rights:

1. The patient has the right to receive information from physicians and to discuss the benefits, risks, and costs of appropriate treatment alternatives. Patients should receive guidance from their physicians as to the optimal course of action. Patients are also entitled to obtain copies or summaries of their medical records, to have their questions answered, to be advised of potential conflicts of interest that their physicians might have and to receive independent professional opinions.
2. The patient has the right to make decisions regarding the health care that is recommended by his or her physician. Accordingly, patients may accept or refuse any recommended medical treatment.
3. The patient has the right to courtesy, respect, dignity, responsiveness and timely attention to his or her needs.
4. The patient has the right to confidentiality. The physician should not reveal confidential communications or information without the consent of the patient, unless provided for by law or by the need to protect the welfare of the individual or the public interest.
5. The patient has the right to continuity of health care. The physician has an obligation to cooperate in the coordination of medically indicated care with other health care providers treating the patient. The physician may not discontinue treatment

of a patient as long as further treatment is medically indicated, without giving the patient sufficient opportunity to make alternative arrangements for care.

6. The patient has a basic right to have available adequate health care. Physicians, along with the rest of society, should continue to work toward this goal. Fulfillment of this right is dependent on society providing resources so that no patient is deprived of necessary care because of an inability to pay for the care. Physicians should continue their traditional assumption of a part of the responsibility for the medical care of those who cannot afford essential health care."

Minimum Benefits in Required Employer Health Insurance

In consultation with the Council on Medical Service and the Council on Legislation, the Board of Trustees presented a basic package of benefits for a required employer insurance program which was more fully discussed in a previous report that addressed the issue of providing coverage for the uninsured.

In submitting the report the Board and Councils stated their beliefs that:

- enactment of any program requiring employer coverage should not create insurmountable financial obligations on small employers
- most employer-provided health insurance will continue to the future to exceed substantially the minimum benefits that they are recommending
- the goal of the Association is to extend affordable coverage where none now exists
- the medical profession must be involved in the final process of determining benefits.

In a related action, the House approved a substitute resolution:

RESOLVED, That the American Medical Association give high priority and commit all appropriate resources to provide leadership and ensure that this nation begins the process of defining in detail the basic nationwide standards

for a uniform, minimum yet adequate health care benefits package for the unemployed uninsured.

Medicare RBRVS Payment System

The House considered four resolutions regarding the new Medicare physician payment system that addressed issues of geographic disparity and other economic considerations.

The House adopted a lengthy substitute resolution that calls on the AMA to:

- give continued highest priority to elimination of geographic variations in Medicare payment that do not reflect demonstrable variations in practice overhead or professional liability costs
- continue to support and work to establish in the 1990 Budget Reconciliation Act a floor on 1991 Medicare payments for physician services at 80% of the national average prevailing charge
- work vigorously through appropriate channels (e.g., Congress, HCFA, and the PPRC) to ensure that the RBRVS-based Medicare payment system be implemented in a manner that reflects appropriate economic considerations
- work to ensure that the most current valid and reliable data are collected and applied in calculating accurate geographic practice cost indices (GPCIs) and in determining geographic payment areas for use in the new Medicare physician payment system, with data collected from rural practice sites for this purpose
- evaluate the adequacy and consistency with AMA policy of the GPCIs and their underlying data and methodology, with an interim report at the 1990 Interim Meeting of the House and a full report at the 1991 Annual Meeting
- take the necessary regulatory and legislative steps to ensure that geographic payment variation be limited to demonstrable variations in practice costs as specified in the ABRA 89 payment reform legislation, that equitable access to medical care not be diminished in any

area as a result of any particular GPCI data or methodology, and that payment for any service be not less than 80% of the median of the national payment schedule amount for that service.

Health Access America

The House filed an information report describing the status of Health Access America, which integrates AMA policies into one cohesive approach to build on the strengths of the U. S. health care system and address its significant weaknesses.

The report outlined:

- several categories of medical care expenditures over which physicians have little or no control
- additional issues which contribute to medical care expenditures, e.g., increased aging of the American population, new medical technologies, federal/state regulations, poverty, alcohol and drug abuse, and violence
- AMA efforts to educate the public.

The House also called upon the AMA to:

- encourage all county, state, and specialty societies to endorse and support the elements of the AMA "Health Access America" program, and that such efforts should involve the active promotion and dissemination of this program at the local grassroots level
- be sensitive to the needs of small business, the self-employed, and rural citizens as they develop more specific proposals in the Health Access America Plan
- begin immediately to seek comprehensive reforms to reduce the administrative inefficiencies, burdens, and expenses involved in paying for health care services
- urge that proposals to increase access to health care also address the need to reduce administrative costs and burdens.

Animals in Biomedical Research

The House heard much discussion on the appropriate use of animals in biomedical research and the effect of animal

activist groups on research.

The delegates approved a policy that called upon the AMA to:

- communicate its strong support of the appropriate and humane use of animals in research and commend HHS Secretary Sullivan for his public support of such research that benefits the health and well-being of humans and animals
- encourage its members to make every effort to inform their patients, community groups, legislators and the media that, while the use of non-animal models in research is desirable when possible, the continued use of animals is critical for the development of new and more effective medical treatments of disease for both humans and animals
- provide reasonable and appropriate assistance to researchers whose projects have been hampered by animal activist groups
- establish a repository of information concerning such research delays and provide an evaluation of the impact of these delays to the AMA members and the public.

Opposition to Therapeutic Substitution

Hearing substantial opposition to therapeutic substitution, the delegates approved a policy calling on the AMA to:

- oppose the establishment of a system at the federal or state level premised on therapeutic interchangeability of outpatient prescription drugs and formularies, since it will inevitably interfere with the ability of the patient's physician to assure that the medication prescribed is dispensed to the patient
- encourage and assist all states in passing legislation prohibiting the practice of therapeutic substitution
- provide education to physicians and the general public that therapeutic substitution is not equal to generic substitution and provide information about the potential dangers of therapeutic substitution.

National Practitioner Data Bank

The House received a report that summarizes the background on the development of the National Practitioner Data Bank and describes AMA efforts to communicate information concerning the Data Bank to physicians.

The House approved policy asking the AMA to:

- request that the Department of Health and Human Services instruct the National Practitioner Data Bank to institute physician notification of adverse data bank entries with verification of receipt by the physician
- notify its members of the AMA resources to assist individual physicians having difficulties with the National Practitioner Data Bank.

The 1990 ELECTION RESULTS were as follows:

President-elect

JOHN J. RING, MD
Illinois

Speaker, House of Delegates

JOHN LEE CLOWE, MD
New York

Vice Speaker, House of Delegates

DANIEL H. JOHNSON, JR., MD
Louisiana

Board of Trustees

PALMA E. FORMICA, MD
New Jersey

ROBERT E. MCAFEE, MD
Maine

JOSEPH T. PAINTER, MD
Texas

THOMAS R. REARDON, MD
Oregon

P. JOHN SEWARD, MD
Illinois

Council on Constitution and Bylaws

JACK T. CHISOLM, MD
Texas

EUGENE F. WORTHEN, MD
Louisiana

Council on Medical Education

WILLIAM E. GOLDEN, MD
Arkansas

F. DOUGLAS SCUTCHFIELD, MD
California

HOWARD B. CHODASH, MD
(resident)

Council on Medical Service

HERMAN I. ABROMOWITZ, MD,
Ohio

WILLIAM A. FOGARTY, MD
Wyoming

T. REGINALD HARRIS, MD
North Carolina

JOHN A. KNOTE, MD
Indiana

Council On Scientific Affairs

E. HARVEY ESTES, JR., MD
North Carolina

PATRICIA J. NUMANN, MD
New York

WILLIAM C. SCOTT, MD
Arizona

W. DOUGLAS SKELTON, MD

Conclusion

AMA House meetings provide a unique educational opportunity. I would encourage you to attend and participate. Any member of the Association may present testimony at the Reference Committee hearings and discussions on the issues provide ample opportunities to get your views across.

If you can't come to the meeting you can still be represented through your delegate. Let your delegation know your opinions. You can also prepare a resolution and request that it be submitted to the House. ALIMDA's Alternate Delegate, Dr. Frank Smith of AAL, or I would be pleased to receive your input or to help you arrange attendance at an upcoming House of Delegates meeting, if you would like.

Among the 110 reports distributed to the House of Delegates for consideration and action were many which might be of interest to ALIMDA members. Some of these appear in JAMA, especially those of scientific nature. I am attempting to find a good method for routinely making interesting AMA reports accessible to ALIMDA members if desired. Examples of titles from among the many presented at Annual 1990 are:

The New Medicare Physician Payment System

Alternative Psychological Methods in Patient Care

Health Effects of Radon Exposure

Health Fraud Report

Medical Informatics: Policy Initiatives for the AMA

The Guide to Clinical Preventive Services

Administrative Cost of Health Care

High-Cost Health Benefits Management

Testing of Patients for HIV Infection

Organ Transplantation

et al.

These reports vary in length from one to forty pages, sometimes include tabular data and bibliographies. If you feel these should be made available to you periodically, probably upon request individually, perhaps with a small charge to cover duplication and mailing, please let me hear from you.

If you have any comments or questions about this report or AMA activities, Dr. Frank Smith and I would like to hear from you.

ROGER H. BUTZ, MD