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The
Medical
Cost/Quality
Newsletter

New utilization review regulations to boost PSRO

New regulations reported in the Nov. 29 issue of the Federal Register by the Social Security Administration and the Social Rehabilitation Service for Title XVIII and Title XIX by and large parallel one another, but the Secretary of HEW may require use of all or some Medicaid review procedures in lieu of the Medicare review when the former is more effective. Title XIX review is also subject to waiver (up to 24 months) if the Secretary finds the existing state review program superior.

In general, the new amendments do not require pre-admission certification. However, such certification may be required for categories of elective admissions producing high costs and for those of a medically-questionable nature.

The development of effective review within medical institutions may be of great assistance to PSROs, enabling them to delegate more readily review responsibilities and concentrate on other areas of professional activity.

The *UR plans required under Title XIX vary only slightly, depending upon the institution in question. The regulations require skilled nursing homes to oversee the development of discharge plans that ensure

Continued on page 2

DELEGATION DELAYED: A SPECIAL REPORT

A number of unresolved issues have slowed the process of delegating review program responsibilities to hospitals, and this delay, in turn, is hindering the development of PSROs overall. A PSRO Update Special Report on this subject is enclosed with this issue. Special Reports will be sent from time to time to PSRO Update subscribers.

National Council faces issue of physician reimbursement

WASHINGTON, D.C.--HEW has failed to come up with its long-awaited reimbursement policy in time for the Feb. 3-4 meeting of the National PSRO Council.

The Council had been scheduled to get its first look at a draft policy at this meeting, but *OPSR, *SSA, and *SRS apparently failed to reach agreement on the best method of handling this complicated issue.

List of issues weighed

Instead, Council members received a list of "issues" and a request for their comments and recommendations. These will be considered by HEW as it develops a reimbursement policy that will be presented (it is hoped) at the next Council meeting on March 31-April 1.

What the government seems to be hoping for is a compromise that will help it avoid the appearance of asking physicians to perform PSRO functions for nothing.

The problem is that draft proposals from planning organizations wishing to convert to conditional PSROs indicate that most of them want to reimburse physicians for almost everything they do under the PSRO program.

The reality, according to one government spokesman, is that there is only $37 million to fund all PSRO activities in FY 1975.

"The harsh reality is that there is no way we can reimburse physicians for everything they do. We would be bankrupt in the first year."

How much 'voluntary' service?

The HEW issue paper asked the Council to consider that historically, comparable professional activities were provided on a voluntary basis. The question thus becomes to what extent should historical patterns apply to PSRO activities? Should physicians be reim-

Continued on page 7

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*UR -- Utilization Review
*SRS -- Social and Rehabilitation Service
*OPSR -- Office of Professional Standards Review
*SSA -- Social Security Administration

UR Regulations/continued from page 1

continuing care for eligible patients. Plans for in-patient hospitals require their creation of a staff committee composed of two or more physicians responsible for Title XIX review. Committee members may be employees of the institution, but cannot have financial interests in the facility. In addition, they are not eligible to review the cases of their own patients.

Admissions subject to review

According to the Title XIX regulations institutional plans must describe admission categories to be scrutinized, procedure for medical care evaluation studies and modification of length-of-stay determinations. They must also include descriptions of methods and criteria for setting continued stay dates as well as information on UR records and reports. The regulations state that the record on each eligible patient must be kept confidential.

Generally, admission screening is to be conducted within one working day following admission, and certainly no later than two, according to the Title XIX regulations. The admission is evaluated against written criteria selected and developed by the UR committee. Admissions associated with high costs or those initiated by physicians whose patterns of care are found questionable, will be subject to closer scrutiny. Committees are required to develop criteria and standards by Feb. 1, 1975 under Title XIX provisions.

An admission that does not meet these UR criteria will be reviewed by one or more physicians from the committee. Should this subcommittee reach an initial negative decision on a case, the attending physician will be given the opportunity of presenting his or her views prior to final judgment on the admission.

If the final decision of this group is that the admission was not medically necessary, written notice will be given to the hospital administrator, the attending physician, the state agency and the patient or his next of kin. In the event they determine the admission was appropriate, a date for a continued stay review will be set.

Evaluation studies required

Under Title XIX medical care evaluation studies are required for all institutions except intermediate care facilities. These studies emphasize identification and analysis of patient care, possible changes for maintaining high quality care, and effective, efficient use of services within a given facility.

Although Title XVIII regulations are very similar to those of Title XIX, there are some differences between the two. Title XVIII regulations require the establishment of a UR committee representative of the hospital staff reviewing admissions and extended stays and supervising preparations of medical care evaluation studies. Under Title XVIII, the physician committee members will develop criteria and standards to use in their review functions. The regulations define such criteria as elements against which medical quality may be measured; standards, the regulations say, are expressions of the range of acceptable variations from a norm. The admission review under Title XVIII calls for examination of the diagnosis and plan of treatment. If a positive determination is made, an extended stay review date is assigned, based on regional norms for length of stay. The Title XVIII amendments require institutions to develop plans in compliance with utilization review procedures outlined above.

'Fed-up physicians' say PSRO will be catastrophic

As PSROs across the country gain wider acceptance from physicians, another organization, united by a philosophy antithetical to PSROs, drums up support at the rate of about 35 medical staffs a year.

The group is the Council of Medical Staff (CMS), which now counts about 50 chapters and approximately 40,000 physicians members across the country.

"We are an organization of physicians who are fed up with the intrusion of government into relationships with patients," says George LaMaitre, M.D., of Lawrence, Mass., who became New England regional director of CMS in October.

PSROs are the most prominent and the broadest expression of recent government involvement in medicine. CMS expects them to fail but at considerable cost to the esteem of physicians.

In New England, the only active CMS chapter is the one LaMaitre leads in the Merrimac Valley cities of Lawrence, Lowell and Haverhill. It was started in September, 1974. There the staff of eight hospitals, with 600 to 700 physicians, have voted to join. Another, older, chapter exists in Rhode Island, but it is less active, LaMaitre says.

He expects it will take a decade for CMS to get its message to patients. But, the organization of physicians, be believes, will proceed rapidly.

Progress Notes from the Northeast

P/S/R/O Update New England & New York

New England

Bay State Professional Standards Review Organization

BOSTON, Mass. -- Richard Kahan, executive director, said Bay State, the largest PSRO in the Commonwealth, is refining its review system and phasing it in by sub-areas that follow district medical-society boundaries. Bay State, which encompasses 72 acute-care hospitals and more than 7,500 physicians, is made up of four districts.

To implement its program, Bay State will visit with hospitals and medical groups at several levels of involvement: to discuss the program; to ascertain which hospitals will be delegated; to work out details of the review process; and to finalize the criteria for hospitals being delegated.

Western Massachusetts PSRO, Inc.

SPRINGFIELD, Mass. -- Charles E. Everett, executive director, reports that his area's PSRO has organized 16 medical and surgical speciality committees, and the groups have been working actively to develop norms, criteria and standards for peer review. Another committee, Everett said, is developing criteria that will be needed for hospital delegation of the quality-assurance responsibilities.

The Western Massachusetts PSRO has held meetings with each of the area's 17 hospitals to assess the present quality-assurance programs. Further meetings have been held to maintain the cooperative spirit that exists between the PSRO and the hospitals.

Southeastern Massachusetts PSRO (SEMPRO)

MIDDLEBORO, Mass. -- Paul Egan, executive director, reports that his organization has completed a four-stage program in which all of the area's hospitals and medical societies were visited and information was both given and gathered.

SEMPRO physician representatives met with members of the district medical societies to advance the PSRO concept, Egan said. At the same time, they began meeting with utilization-review committees at the 16 hospitals. Another series of meetings involved the trustees, administrators and medical staff executive committees of the individual hospitals.

Egan pointed out that the meetings had a two-fold purpose: to gauge the level of commitment and sophistication of the various utilization-review mechanisms, and to advance the PSRO concept to the people who will eventually make it work.

Charles River Health Care Foundation

Newton, Mass. -- Charles River is ready to start PSRO review activities at the nine hospitals in its area on a full operational basis as soon as its budget is approved by *BQA. The target date is Feb. 15. Seven of the hospitals already have PSRO-type review responsibility delegated to them within the next few weeks.

Charles River has approved admission and continued-stay criteria for 75 of the most common diagnoses and has provided each hospital with a copy of these criterias for their use in complying with the Feb. 1 HEW deadline.

Central Massachusetts Health Care Foundation, Inc.

WORCESTER, Mass. -- The foundation has completed the assessment of the 15 hospitals in its area and is now able to form a picture of quality assessment in that PSRO area, according to Joyce Forbes, executive director. Forbes stressed that the assessment is for informational purposes only, and that no critical judgments are being made at this time.

Edward Mason, M.D., was elected president of the foundation at a meeting in November. Other officers are Lewis J. Cataldo, M.D., vice president; Richard Gifford, D.O., secretary; Charles I. Brink II, M.D., treasurer, and George Ballantyne Jr., M.D., assistant treasurer.

Pine Tree Organization for PSRO, Inc.

AUGUSTA, Me. -- Ronald G. Thurston, executive director, said he hoped to have a final application for conditional status together by the end of January, some five

*BQA -- Bureau of Quality Assurance
*UR -- Utilization Review

weeks after he received the government's response to the draft plan. "But we have a problem," he says, "in that we slotted the board of directors in the by-laws. They said we can't do that." The Maine group, starting with an *EMCRO grant about four years ago, worked out a formula of: five M.D.s, three D.O.s and three third-party representatives for the board of directors. "Over the years, this (slotting) developed into the most feasible way to do it," Thurston said. However, since the PSRO guidelines specify that no member be ineligible for an officer position, the Pine Tree Organization has to re-work its by-laws to conform.

The New Hampshire Foundation for Medical Care

DURHAM, N.H. -- The New Hampshire Foundation for Medical Care, with a staff of three, is readying its next bundle of application papers due March 1 for conditional status. Executive Director Constance Azzi says, "We took the time to do our homework, and the comments on the draft plan said our work showed an excellent understanding of the situation in New Hampshire."

There are 29 hospitals in the state, and many called on the PSRO for help with the utilization-review plan due Feb. 1.

Vermont PSRO

SHELBOURNE, Vt. -- Executive Director Robert B. Aiken, M.D. reports that as of mid-January he had not heard from Washington on the draft application of Vermont PSRO, but that he hoped to get the green light soon to start on the conditional application.

Meanwhile, the group continues to visit hospitals to update assessments and to assist in setting up the hospitals' review process components. Dr. Aiken, who had been state health commissioner for 26 years, has recommended that each hospital coordinate its own review activities, to have a uniform policy for handling the various reviews expected to become routine in the future.

Rhode Island PSRO, Inc.

PROVIDENCE, R.I. -- Edward J. Lynch, executive director, notes that his PSRO is working on the application for conditional status, but has no estimate on a completion date. In addition to working on this bulky document, Rhode Island PSRO has been grappling with a data system; but in the absence of a federal policy on this critical area, Lynch reports, he and many colleagues feel stymied.

Connecticut Area II PSRO

NEW HAVEN, Conn. -- As of mid-January, the Area II PSRO was expecting to receive its critique from the Washington, and was gearing up to work on its proposal for conditional status. Joseph H. Herder, executive director, reports his organization is working on several areas of the review process, with one hospital serving as a pilot to work out the specific process for delegating review.

PSRO of Fairfield County, Inc.

BRIDGEPORT, Conn. -- In January, the PSRO of Fairfield County officially began work on its application for conditional status, due the first of March.

Enrollment is now about 75 per cent of those eligible, according to Gregory A. Martel, executive director.

As to its current activities, Martel says, "We hope the federal government realizes the work we've done. Under this planning extension we're actually doing some pre-conditional and conditional work, and I don't think they appreciate it."

Hartford County PSRO, Inc.

HARTFORD, Conn. -- Approval to go ahead on the application for conditional status came to the Hartford County PSRO in early January, says Norman Reich, program manager. They expect, he says, to have it in by March 1, after which there will be about a four-month wait for federal action.

As to membership, Reich reports, "We're doing extremely well, with more than 60 per cent of eligible physicians and osteopaths enrolled." Initially, the PSRO had gone to the eight general hospitals in the area with the proviso that to qualify for delegation of review responsibility, these institutions had to enroll a majority of their staffs. All eight agreed, Reich said.

Eastern Connecticut PSRO, Inc.

WILLIMANTIC, Conn. -- Myra Psisterer, health-care coordinator, reports that in mid-January the PSRO was awaiting the federal government's critique of their organization's progress, that the planning was continuing and that pilot projects are being started.

Membership was up to 82 per cent of physicians eligible. Psisterer says the PSRO has had a relatively good working relationship with hospitals in its area, and that the hospitals are working on developing norms for review.

*EMCRO -- Experimental Medical Care Review Organization

New York

Adirondack Professional Standards Review Organization

GLENS FALLS--One of the major problems of the PSRO here is the huge size of the area covered--eight counties over 10,000 square miles--according to Conrad Kacsmarek, executive director. As a result, the territory will be divided into a southern and a northern section.

The organization is reviewing re-submission of the conditional application, and the hope is that, possibly by the middle or end of May, HEW will grant the conditional designation, Kacsmarek said. Meanwhile, 61 per cent of the 471 eligible physicians in the area have signed up.

"We have been speaking to utilization review committees in the 16 hospitals in the area, each of which is accredited by the Joint Commission on Accreditation of Hospitals (JCAH)," Kacsmarek said.

"One of the problems we're discussing is how to reach the smaller hospitals," Kacsmarek pointed out. "This remains to be seen. We have looked at the 'circuit rider' approach, among other approaches."

Area 9 PSRO of New York State

PURCHASE--A criteria guide developed by the Health Care Guidelines Committee headed by Dr. Daniel Sherber has been printed, according to Michael Maffucci, executive director. Physicians in each of the sections sought to select the most-used diagnoses, he said.

Meanwhile, the PSRO here is reviewing HEW's comments on its conditional application, and will answer the comments and revise the original application. The area has nine hospitals, where chairmen of the utilization review committees have been meeting monthly. "We are being aided in setting up a review plan which has not yet been finalized," Maffucci noted.

"The guideline committee offers, for example, some guidance for a nurse coordinator in screening admission of a patient, but of course, there won't be a denial of anyone getting into the hospital," he said.

All the present utilization review committees have indicated their willingness to cooperate with the PSRO, Maffucci pointed out. "We hope to develop training programs involving the physicians," he added. Meanwhile, some 1,200 physicians out of an approximate 2,400 physicians in the area have signed up with the PSRO.

Erie Region PSRO, Inc.

BUFFALO--The PSRO here has signed up more than 50 per cent of the approximate 2,600 physicians in the eight counties covered. Six committees are already in existence and working with the 38 hospitals, according to Warren Mutz, program director.

"HEW has sent its critique on our conditional application, and our next step is to review their comments and then to resubmit the application," Mutz said. "One of our problems is the large territory we have to cover. Our area stretches 125 miles to the southeast of Buffalo, about 80 or 90 miles to the northeast, and about 40 miles to the northwest, so that communication is difficult."

Five-County Organization for Medical Care & PSRO

NEW HARTFORD--A six-month pilot program in St. Luke's Memorial Hospital, a 265-bed institution in New Hartford, and in the Little Falls Hospital, a 70-bed-institution in Little Falls, starts in February, according to Russell H. Feltus, managing director of the PSRO here.

Four nurse coordinators now employed by PSRO will do 90 per cent of the administrative work in the pilot program, and together with the physicians will review the criteria for all patients, and not only for Medicare and Medicaid and Maternal and Child Care patients, he said.

Feltus said that meanwhile, 74 per cent of the 500 physicians in the area had signed up with PSRO. He noted that a conditional application had been sent to HEW. The most active of the six committees now functioning is the Inter-Specialty Committee, whose members are now reviewing criteria for all the specialties, such as internal medicine, OB/GYN, orthopedics, pediatrics, etc.

Genessee Region PSRO Inc.

ROCHESTER---More than 1,000 physicians out of the approximate 1,900 physicians in the seven-county area covered by the PSRO here have signed up, according to Jack Coleman, executive director. Meanwhile, the HEW critique on the organization's conditional application is being reviewed before revision and resubmission of the application.

"We are going to devote our time to the submission of our formal plan, and to aiding hospitals to comply with the regulations for Medicare and Medicaid patients, effective February 1," Coleman said. "Most of the 21 hospitals in our area have utilization review

committees, and we have contacted all of these committees."

Kings County Health Care Review Organization

BROOKLYN--The education committee, headed by Dr. Theodore Tanenhaus, has been meeting with directors of continuing education in the 40 hospitals in the area, with weekly scheduled lecturers. Both attending and resident physicians, as well as interns, have been addressed, according to Sheryl Buchholtz, associate director. Meanwhile, Dr. Joseph Fontanetta, project director, has submitted a conditional application to HEW.

Forty per cent of the 4,800 physicians in the area have signed up, Miss Buchholtz said. "We have met with nurse coordinators and have been thinking of setting up an educational program with nurse coordinators," Miss Buchholtz added. "We would like to see the hospitals set up a functioning PSRO for each hospital. We would like to see them do it on their own; they can set up a memorandum of understanding with us. Meanwhile, our various committees are functioning; one committee, for example, is developing criteria, and we have had much support from the medical society which has had an excellent peer review committee for years."

The Health Care Guidelines Committee, whose cochairmen are Drs. Martin Markowitz and Joseph Brennan, has been developing criteria for various disease diagnoses since October, with reference both to admission and length of stay, according to Miss Buchholtz.

Nassau Physicians Review Organization

GARDEN CITY--One of the problems of great concern to physicians here is the issue of confidentiality, says Eugene O'Reilly, project director.

"HEW is planning to provide some regulations on this, but thus far we don't know what they're going to require," O'Reilly said. "I think the physicians have withheld their reaction until the regulations come down. Now, the data are in the hospitals, and it seems like this will have one more pair of eyes examining the data. We intend to build safeguards into our program."

Meanwhile, the PSRO here, whose president is Dr. Joseph Chiaramonte, is studying HEW's comments on the conditional application which had been submitted, and will answer the critique and revise the application, O'Reilly said.

Of the 2,500 physicians in Nassau, 1,200 have signed up. "We have visited every one of the 16 hospitals in the county," O'Reilly noted.

PSRO of Central New York, Inc.

SYRACUSE--Nearly 60 per cent of the 2,100 physicians in the 11-county area covered by the PSRO here have signed up, according to a spokesman for Stephen K. Leech, project director.

"We're working on a planning contract, and got it extended until April 24," Mrs. Mary Ann McClanahan said. Meanwhile, Leech has been contacting the 28 hospitals in the area.

"We're still very much in the early stages," Mrs. McClanahan said. "One of our problems is the geographical area. We cover way up to St. Lawrence and Jefferson Counties, up to the Canadian border, so that it will be difficult for physicians way up there to come down here for meetings."

Seven committees have been formed. Dr. Robert E. Westlake is president.

Professional Standards Review Organization of Rockland

NANUET--About 60 per cent of the 650 physicians in Rockland County have signed up with the PSRO here, according to Jack Cohen, executive director. A conditional application has been presented to HEW, and speakers have been visiting the three major hospitals.

The Bronx Medical Services Foundation, Inc.

BRONX--More than 1,400 physicians out of 2,675 in the Bronx have signed up with the PSRO here, Harry Feder, administrator, reports, A conditional application has just been submitted to HEW.

The standards committee, whose chairman is Dr. John P. Albanese, president of the Bronx Medical Society, has completed a 200-page draft on criteria for admission certification and continued stay review. "We also have a review committee headed by Dr. Michael A. Walsh, and we are going to hospitals to begin preparation for delegating utilization review to the individual hospitals. Dr. Walsh is trying to discover which hospitals need assistance when they formally come under PSRO," Feder said.

"We've been very fortunate in not having had opposition," Feder pointed out. "Dr. Anthony J. Altieri, who is president of the PSRO here, is chairman of the economics committee of the medical society. Meanwhile, the review committee has drafted an outline for control of utilization committees in the hospitals. I personally have already visited every hospital in the county."

National Council/continued from page 1

bursed for what they used to do for nothing, or only for additional activities required under the PSRO program?

On the basis of the draft proposals received from planning organizations around the country, HEW compiled the following list of PSRO activities for which reimbursement is likely to be requested: concurrent review; case reconsideration; medical care evaluation studies; profile analysis; criteria development; policymaking, including meetings with the governing body; committee work for such activities as continuing education, public relations, recruitment, etc.; and attendance at meetings of other organizations.

The Council was also asked to consider how reimbursement should be made. Should physicians be paid an hourly rate, rate per case, or a flat rate (i.e., a set fee for six months as a physician advisor, or a flat rate for attending committee meetings, regardless of the amount of time spent)?

HEW offered no solutions of its own to the Council but the method it hoped would be recommended would relate reimbursement to the amount of work time contributed.

Key: Time over course of year

Under this concept, according to a PSRO staff member, the physician would be reimbursed only when he contributes a significant amount of working time over the course of a year's PSRO activities. If the physician contributes only a minimum amount of time -- such as one to three hours per month -- then such activities would not be reimbursed.

Participation guides in the works after sharp minority criticism

Federal PSRO leadership, reacting to sharp criticism leveled by black physicians, is setting up criteria for minority participation in PSROs across the country. The criticisms, endorsed as resolutions at the National Medical Association's annual meeting, described written PSRO provisions as holding severe implications for black physicians and their largely-poor patients.

The guidelines, PSRO Update learned, are being prepared by the PSRO National Council and Departments of Health, Education and Welfare and will be presented for ratification to the NMA.

Criticisms lodged against the PSRO system at the NMA annual meeting brought the following demands for action from the NMA delegates:

- that the financing of each PSRO be contigent on whether it appoints minority persons to its board;
- that affirmative-action directives be included in the guidelines;
- that officers of their organization seek an injunction to block HEW from spending any more money and to withhold any funds about to be granted for PSROs until some of the local NMA societies are given PSRO charters;
- that the Office of Civil Rights review all (PSRO) regulations to insure that they comply with the Civil Rights Act.

Delegates to the NMA said one of the most serious defects in the PSRO program is that criteria are developed by physicians whose practices are made up of mainly middle-class patients with medical needs and standards different from those of average poor patients.

Another resolution stressed by delegates was the importance of local NMA societies having their own PSRO charters. They pointed out a lack of "leverage" under the present guidelines, which require a 10 per cent dissenting vote to force through reforms or changes in policy.

Dr. Reginald Benn, a Roxbury, Mass. physician and NMA member, voiced his displeasure with the general PSRO concept, which he feels will work adversely for poor people who require different utilization of hospital facilities.

OPSR Response

A spokesperson for the Office of Professional Standards Review told PSRO Update that one of the main ideas behind the PSROs was to improve the health care given to poor people. "Poor and minority people have unique problems, and the PSRO system must adjust to these problems or it won't work--just as teaching hospitals, which keep patients longer than other hospitals, are another example of uniqueness that the system must adjust to."

The OPSR spokesperson, asked by PSRO Update about the charge that no black medical society has been granted a PSRO charter, said that there have been two cases in which black groups have applied for PSROs, and neither have been granted the charter, "But," she said, "it was for good reason: in those two areas, North Carolina and Detroit, the charters were also being sought by white physicians, and neither group could muster the necessary 25 per cent of physicians polled. So we held back the charters, hoping that we could bring the groups together and effect some sort of compromise."

MHA task force cites 7 key PSRO principles

A special task force on PSROs, formed by the Massachusetts Hospital Association in November, 1974, has produced the groundwork for a major education drive on peer review in the Commonwealth.

The task force, made up of administrators and officers of seven Massachusetts hospitals, laid down a seven-point list of principles, chief among them a call for hospitals to reiterate their responsibilities for patient care and a strong recommendation that reimbursement formulae be revised to pay for the review programs.

The principles, issued by the task force at the annual Mid-Year Forum of the MHA, are as follows:

- hospitals must reiterate their responsibilities for the delivery of patient care, clinical review and quality of care to their patients, community and physicians;
- hospitals are encouraged to cooperate with the five Massachusetts PSROs and/or foundations and with other hospitals in the development of criteria in order to achieve compliance with Public Law 92-603;
- the unique differences of hospitals (i.e., large, medium and small) must be recognized on a regional and sub-regional basis in the development of criteria;
- funding for clinical review should be provided by hospitals and recognized in reimbursement formulae of all purchasers of service. Advance approval of such recognition should be given by the Rate-Setting Commission, Blue Cross and the Medicare intermediaries.
- a single system of clinical review should be developed by each hospital for all of its patients;
- hospitals are encouraged to achieve "delegated status" by PSROs;
- uniform data accumulation should be maintained on a statewide basis by the MHA.

The principles are the opening salvo of an education barrage being mounted by MHA. Thomas R. Crowdis, executive director of the Emerson Hospital in Concord, and chairman of the task force, expects they will assist hospitals in self-education about PSROs. In addition, MHA will begin publishing a newsletter as the need arises to inform members about special issues. The organization is also going to use its regional council meetings to further inform member hospitals. In addition, staff members will be on hand to assist the PSROs and third-party intermediaries as these groups hold meetings in the PSRO areas around the state.

Study says CHAMP's monitoring saved Massachusetts $6 million

The Massachusetts *CHAMP program, which some health-policy planners call a prototype of the PSRO system, has apparently proved its worth in the saving of taxpayer dollars. According to a recent joint statement from the Commonwealth Institute of Medicine and two state agencies (Office of Human Services and the Department of Public Welfare), a special year-long comparative study has demonstrated that the average length of stay of Medicaid patients was reduced six per cent following the implementation of CHAMP in October, 1973. The reduction in length of stay, CIM and the state agencies said, represents a saving to the Commonwealth of Massachusetts of "at least $8 million in charges by hospitals for Medicaid patients."

The cost of the CHAMP program, carried out by CIM under contract to the state, is about $1.7 million annually, so the saving to the state, the agencies point out, is in excess of $6 million per year. The joint statement said that Medicaid, overall, pays out approximately $140 million per year for acute hospitalizations.

13 hospitals compared

The study, conducted with the cooperation of the Massachusetts Hospital Association, compared Medicaid hospitalizations in 13 hospitals from February to April, 1973 (before implementation of CHAMP), with Medicaid hospitalizations in the same three months in 1974 (after implementation), in each of the hospitals.

The length of stay for non-Medicaid patients fell from 8.8 days to 8.7 days from 1973 to 1974. For Medicaid patients (who are younger on the average), the length of stay fell from 8.1 days before CHAMP to 7.5 days after the program came into effect. When the 50 most common Medicaid diagnoses were compared, Medicaid patients stayed 96 per cent as long as non-Medicaid patients in the 1973 period. After CHAMP, Medicaid patients stayed only 90 per cent as long as non-Medicaid patients with the same diagnoses.

*CHAMP -- Commonwealth Hospital Admissions Monitoring Program