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Prescription pricing gets heat in health care reform process

The prices that prescription drug-makers charge wholesalers increased at 15.5 times the overall producer inflation rate last year, according to a recently-released Senate report.

Sen. David Pryor, D-Ark., chairman of the Senate Select Committee on Aging, said the figures show that government regulation may be needed to get "exorbitant" drug prices under control.

"This is a necessity of life," Pryor said. In the past, necessities ... have been regulated and licensed by the federal or state governments," he said. "The train is about to leave the station and the train is health care reform. I want to get on that train."

Pryor said he will introduce legislation this spring to give drug companies incentives to hold down prices and might include sanctions against manufacturers, such as curbing their patent protection for new drugs.

But drugmakers said government statistics demonstrate just the opposite, because the 3.1 percent inflation rate for prescription drugs at the producer level last year was the smallest increase in 20 years.

Cutting Medicare red tape on the superhighway

The Clinton administration is creating a new Medicare claims system aimed at speeding electronic billing and cutting the red tape that makes dealing with Medicare a nightmare for many seniors.

If all goes according to plan, by the end of the decade, one giant nationwide computer system will electronically pay nearly all of the one billion bills Medicare handles each year. Beneficiaries will only have to hand their Medicare cards to their doctors, hospitals, laboratories, or nursing homes to make sure their bills get paid.

Once a patient's identification number is punched into a terminal at a hospital or doctor's office, the computer will compute how much Medicare owes, electronically transfer that amount to the doctor's or hospital's bank account, cal-

culate how much an individual's medigap (supplemental insurance) policy owes and automatically bill for that.

That procedure was outlined by Shalala and Health Care Financing Administrator Bruce Vladeck, who announced a \$19 million six-year contract awarded to GTE Government Systems Corp. of Chantilly, Va., to design the new Medicare Transaction System (MTS) and phase it in from 1996 to 1998.

Currently, 79 different companies across the country — many of them giant insurers like Blue Cross-Blue Shield or Prudential — are under contract to process bills for Medicare. The firms use 14 different computer systems to process bills for Medicare's 36 million beneficiaries. The government allows many of the companies to have rules on whom to pay and what is covered that differ from region to region.

The MTS, Shalala said, will eliminate many of the current billing steps and save an estimated \$200 million a year.

Supreme Court refuses to shield disability claim reviewers

The U.S. Supreme Court has refused to shield state officials from being sued over how they evaluate Social Security disability claims by people who say their alcoholism or drug dependence prevents them from working.

The court, without comment, turned away arguments by the Justice Department and Minnesota officials that such lawsuits should not be allowed. Social Security disability benefits are paid by the federal government exclusively, but state officials are in charge of initially determining who is eligible for those benefits.

The federal Department of Health and Human Services has set up a complicated process for determining whether someone is disabled for purposes of receiving benefits under the Social Security program.

Three Minnesota residents who applied for disability benefits filed a "class action" lawsuit in 1990, contending that state officials were not adhering to the HHS process in

ruling on their claims. The three men have since received disability benefits, but their lawsuit was not over the denial of benefits. Instead, they sought to force state officials to use the same standards for claims based on alcoholism and drug dependency as are used for other disability claims.

Social Security offices often sites of violence

Hundreds of times a year, people conducting business in Social Security's field offices assault and abuse employees, fight with others waiting in line, attempt suicide or threaten to bomb the agency, according to a study of federal records obtained by the Associated Press.

The documents chronicle a year's worth of violence and other extreme behavior in Social Security Administration's (SSA) network of 1,300 field offices. The records found more than 2500 incidents of threats, assaults, vandalism, concealed and confiscated weapons, shootings and disorderly conduct in the field offices. They show that there were at least 45 bomb threats against Social Security in the fiscal year that ended September 30, 1993. In addition, a bomb exploded in the mailbox of the Yuba City, Calif., office. There have been at least two recent killings in Social Security parking lots.

Employees and guards have also been shoved, punched, scratched, stalked, spat upon and threatened with knives, scissors, AIDS-infected blood and a snake, according to the records and union officials. One worker was held hostage in Hemet, Calif.

Officials of the SSA workers' union, say violence in the field is a growing problem. But Phil Gambino, spokesman for the SSA, said he believes "it would be a major overstatement to classify SSA field offices as 'dangerous'."

"Most often, the incidents that are reported by field offices involve disruptive clients who, quite frankly, are experiencing very difficult times in their own lives — mourning the loss of a loved one or coping with a devastating disability or illness," Gambino said.

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