

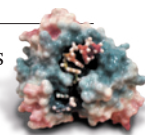
# NEWS IN FOCUS

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A. WONG/GETTY



Supporters of the Affordable Care Act celebrated last week, but the law cuts payments to US teaching hospitals, and could affect research.

## HEALTH CARE

# Health law worries hospitals

*US academic centres fear they will lose out as upheld Affordable Care Act cuts payments.*

BY MEREDITH WADMAN

A historic health-care decision by the US Supreme Court holds mixed blessings for research-intensive teaching hospitals. On 28 June, the court upheld most of the Patient Protection and Affordable Care Act, President Barack Obama's signature legislative accomplishment. By enabling tens of millions of currently uninsured people to obtain health-care coverage, the law should significantly lighten one of the hospitals' burdens: charity care. In 2010, 275 of the country's major teaching hospitals, which make up only 6% of all hospitals, conducted nearly 40% of the country's free care for uninsured patients, worth US\$8.4 billion, according to the Association

of American Medical Colleges (AAMC) in Washington DC.

Yet as broader insurance coverage reduces those costs, another of the law's provisions is ensuring that teaching hospitals do not receive a windfall. It cuts government health-care payments to hospitals by \$155 billion between 2010 and 2019 — reductions that teaching hospitals say may amount to a net loss, hurting their research mission. And although the cuts have already begun to take effect, the financial boost from an increasingly insured population won't begin until 2014, when people will be required to purchase health insurance or pay a tax penalty.

"There is no question that these cuts put the ability of institutions to continue to invest in

medical research at risk," says Ann Bonham, chief scientific officer of the AAMC.

Some health economists are sceptical of such claims. "All they are saying is: 'We want more, and we want other people to pay for it,'" says Michael Cannon, director of health-policy studies at the Cato Institute, a libertarian think tank in Washington DC. He believes that research should not be funded from the public purse. But Scott Gottlieb, a practicing physician and fellow at the conservative American Enterprise Institute, also in Washington DC, says that medical centres are right to be concerned. "They are not going to be able to make up in the volume of newly insured what they are losing in the cuts that they're facing," he says.

Gottlieb notes that the hospitals' situation ►

► may be exacerbated if too many states opt out of increasing the number of people covered under Medicaid, the government programme for the poor and disabled. The Supreme Court, in its only disagreement with the health-care act, threw out the section that would have allowed the federal government to financially punish states that reject the planned expansion — which was expected to cover at least 16 million people.

Where science is concerned, the court's narrow 5–4 decision upholding the law preserves several research efforts. They include the establishment of a \$10-billion Prevention and Public Health Fund, which the Obama administration is already using to prop up the budget of the Centers for Disease Control and Prevention in Atlanta, Georgia (see *Nature* **483**, 19; 2012), and which it is proposing to use to fund \$80 million in research into Alzheimer's disease at the National Institutes of Health (NIH). Other research provisions of the law include the Cures Acceleration Network, an NIH grants programme aimed at speeding into the clinic drugs and devices that industry has few incentives to develop, and the Patient-Centered Outcomes Research Institute in

Washington DC, which last month awarded its first \$30 million in grants for research comparing the effectiveness of different treatments. The law authorizes the Food and Drug Administration (FDA) to let makers of generic drugs compete with brand-name manufacturers in producing biosimilars — biological

**“They are not going to be able to make up in the volume of newly insured what they are losing in the cuts that they’re facing.”**

drugs based on large proteins (see *Nature* <http://doi.org/h2j>; 2012). That regulatory process is already well under way, and last month, Congress passed a bill establishing the first user fees to fund FDA approval of these drugs.

But researchers at teaching hospitals might be affected most by the \$155 billion in cuts to government payments from Medicaid and Medicare (which provides health insurance to people aged over 65). Already, biomedical research at teaching hospitals is partly supported by income from patient care, says Atul Grover, the AAMC's chief public-policy officer. If Medicare and Medicaid payments

are cut substantially, and new income from insured patients doesn't fill the gap, he says, research will suffer. “There's an old saying: no margin, no mission,” says Grover.

Edward Benz, president of the Dana-Farber Cancer Institute in Boston, Massachusetts, also questions whether increased revenues from newly insured patients will offset the cuts. He says that such patients will not necessarily continue to come to the teaching hospitals, because the law contains incentives that direct them to less costly hospitals and clinics.

Advocates of teaching hospitals point out that at least 20 million people will remain uninsured through choice or circumstance even after tens of millions of others obtain coverage under the law. A disproportionate number of the ill and injured among those without insurance may still end up at teaching hospitals, says Grover. Although the long wait for a ruling on the health-care law is over, uncertainties about the effects of the cuts to Medicare and Medicaid payments have just begun. Grover hopes that the cuts will be carefully adjusted in coming years to keep teaching hospitals on an even keel. “The devil is in the details here,” he says. ■

## ENVIRONMENT

# Palm-oil boom raises conservation concerns

*Industry urged towards sustainable farming practices as rising demand drives deforestation.*

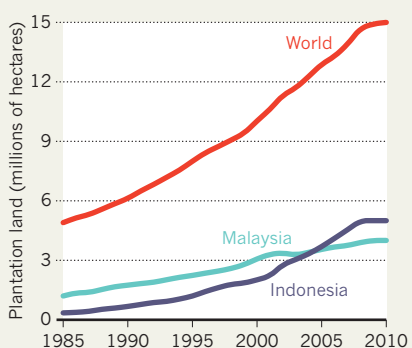
BY NATASHA GILBERT

Palm oil was once touted as a social and environmental panacea — a sustainable food crop, a biofuel that could help to cut greenhouse-gas emissions and a route out of poverty for small-scale farmers. In recent years, however, a growing body of research has questioned those credentials, presenting evidence that palm-oil farming can cause damaging deforestation and reduce biodiversity, and that the oil's use as a biofuel offers only marginal benefits for mitigating climate change.

But even as the environmental case against it grows stronger, the palm-oil business is booming as never before. “Oil palm is such a lucrative crop that there is almost no way to stop it,” says William Laurance, a forest-conservation scientist at James Cook University in Cairns, Australia. Indonesia, the world's largest grower of oil palms (see ‘Palm sprouts’), is expected to double production by 2030. And on 28 June, the Malaysian palm-oil company Felda Global

## PALM SPROUTS

More than half of the world's palm-oil plants are farmed in Malaysia and Indonesia.



Ventures (FGV) earned US\$3.2 billion in the second-largest initial public offering (IPO) this year after Facebook, which will enable the company to bring thousands of extra hectares into production.

Sabri Ahmad, group president of FGV, told reporters last week that the company planned to expand its operations eightfold in eight years. To do so, it will have to look beyond Malaysia to countries such as Cambodia and Indonesia. Although Malaysia is now the world's second-largest producer of palm oil, it is running out of viable land for new oil-palm plantations, according to the US Department of Agriculture.

Such expansion is driven by the steadily rising demand for palm oil, mainly from the food sector, which uses it in a vast array of products, including margarine and biscuits. But the emerging biodiesel market is also thirsty for the oil.

In principle, biodiesel made from palm oil could be environmentally friendly, because the carbon dioxide released when it is burned is roughly the same as that absorbed as the plant grows. But vast swathes of forest have been cut down to make way for the crop, often in carbon-rich peatlands, where tree burning

SOURCE: FAO