

July 27, 2013

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## NEXT WEEK IN WASHINGTON...

- \* On Wednesday, August 1, CMS will hold a call on the value based modifier (see the Regulatory Briefs)

### 1. WAYS AND MEANS SUBCOMMITTEE HEARING ON PHYSICIAN PAYMENT

On July 24, the House Ways and Means Subcommittee on Health held a hearing focused on how physician organization efforts to promote quality and efficiency can inform Medicare physician payment reform. While legislators continue to agree on the importance of replacing the flawed Medicare SGR formula, disagreements over how to pay the nearly \$300 billion cost have prevented a comprehensive solution.

The six witnesses included Lawrence Riddles, MD, President of the Board, American College of Physician Executives; David Bronson, MD, President, American College of Physicians; Michael Weinstein, MD, Chair, Registry Board, American Gastroenterological Association; Peter Mandell, MD, Chair, American Academy of Orthopaedic Surgeons Council on Advocacy; Aric Sharp, FACHE, CMPE, CEO, Quincy Medical Group and John Jenrette, MD, CEO, Sharp Community Medical Group. They all called for physicians' input to help set correct standards, guidelines and data used to measure performance. Their [testimony](#) is available online.

In spite of the number of hearings concerning the SGR formula, Congress has not scheduled action on either of the two most prominent bills to address it. Rep. Michael Burgess, MD (R-TX) introduced a bill (HR 6142) that would provide for a one-year extension of current payment rates to give lawmakers more time to come up with a replacement, although the bill does not contain any budget offsets for the roughly \$25 billion cost. A bipartisan bill (HR 5707) from Reps. Allyson Schwartz (D-PA) and Joe Heck, DO (R-NV), which has yet to receive a hearing, would set up a five-year transition period for testing new payment models to replace the formula and use unneeded funds for the military in Iran and Afghanistan to offset the costs.

### 2. CONGRESS WEIGHS SIX-MONTH STOPGAP SPENDING LEGISLATION

Bipartisan House and Senate leadership are reported to be discussing a deal on a Continuing Resolution (CR) to fund the government for six months to avert a shutdown on October 1, the start of the new fiscal year. The potential legislation is expected to keep the federal government operating through March 31, 2013. The House Appropriations Committee has not yet

scheduled a vote on its FY 2013 Labor-HHS-Education bill and is unlikely to do so. The Subcommittee approved it on a vote of 8 to 6 on July 18 in spite of the serious concerns raised by the AAFP in a [letter](#) to the Chairman.

The bipartisan stopgap funding bill could be presented early next week and approved before September 30. This spending agreement should lighten the workload for the lame duck session of Congress which will still face the Medicare SGR and many controversial tax issues.

### 3. CMS ANNOUNCES STATE INNOVATION MODELS INITIATIVE

Last week, the Centers for Medicare & Medicaid Services (CMS) announced the creation of a new grant opportunity for states looking to design and implement new payment and service delivery models. The [State Innovation Models Initiative](#) is a \$275 million competitive funding opportunity for states to design and test multi-payer payment and delivery models that deliver high-quality health care and improve health system performance. CMS will be taking applications from states who already have developed and implemented their own models (Model Testing award) in addition to applications from states wishing to design a new system of improvement (Model Design award). States can apply for either, but only 5 states will be chosen for the initial round of Model Testing, while there is money appropriated for up to 25 states who wish to be chosen for Design awards. Only Governors' offices in the states and territories, and the mayor's office in DC can submit applications, Non-profit or other organizations are NOT eligible to apply, but CMS is encouraging private and public entities to contact the governor's office to get involved.

### 4. CBO PROJECTS LOWER ACA COSTS, HIGHER NUMBERS OF UNINSURED

On July 24, the non-partisan Congressional Budget Office (CBO) and the Joint Committee on Taxation (JCT) released their updated [estimate](#) of the budgetary impact of the health insurance coverage provisions of the *Affordable Care Act* (ACA) following the Supreme Court decision. Although the Court upheld most of the law, including the requirement that most individuals purchase insurance, it ruled that the large-scale expansion of Medicaid envisioned under the law is optional for states, not mandatory.

CBO and JCT now estimate that the insurance coverage provisions of the ACA will save \$84 billion over the 2012–2022 period as a result of the Court's decision. They also anticipate that fewer people will be covered by the Medicaid program, more people will obtain health insurance through the newly established exchanges, and 30 million individuals will be uninsured in 2022, revising its estimate of 27 million before the Supreme Court decision.

### 5. FamMedPAC UPDATE

FamMedPAC participated in ten events with elected officials in Washington, DC this week.

- **Rep. Sander Levin (D-MI)**, the senior Democrat on the House Ways and Means Committee.
- **Rep. Jan Schakowsky (D-IL)**, a member of the Health Subcommittee of the House Energy and Commerce Committee
- **Sen. Bob Casey (D-PA)** who serves on the Senate HELP Committee
- **Rep. Barbara Lee (D-CA)**, a member of the House Labor-HHS-Education Appropriations Subcommittee. **Senate Majority Leader Harry Reid (D-NV)** and **Rep. Brad Sherman (D-CA)** also attended.
- **Sen. Debbie Stabenow (D-MI)**, a member of the Senate Finance Committee.
- **Rep. Jim McDermott (D-WA)** who serves on the House Ways and Means Committee.
- **Rep. Joe Heck, DO (R-NV,)** an emergency physician and co-sponsor of the *Medicare Physician Payment Innovation Act* (HR 5707)
- **Rep. Xavier Becerra (D-CA)** who serves on the House Ways and Means Committee.

- **Rep. Rosa DeLauro (D-CT)**, the senior Democrat on the House Labor-HHS-Education Appropriations Subcommittee
- **NewDemPAC**, a group of centrist House Democrats who make up the “New Democrat Coalition” chaired by **Rep. Joe Crowley (D-NY)**

## 6. REGULATORY BRIEFS

- On July 24, CMS released a notice that increases hospice payments by an estimated 0.9 percent for services furnished on or after October 1, 2012.
- On July 25, CMS issued a notice that a net estimated increase to aggregate payments for 2013 is 2.1 percent for facilities paid via the inpatient rehabilitation facilities ([IRF](#)) prospective payment system. This update begins with discharges on or after October 1, 2012 and CMS estimates this will increase 2013 payment rates by approximately \$140 million.
- Also on July 25, CMS released updated [statistics](#) on how the *Affordable Care Act* changed the Medicare Part D (prescription drug) benefit. Over 5.2 million Medicare beneficiaries have saved over \$3.9 billion on prescription drugs since enactment of the *Affordable Care Act* and in the first half of 2012, over 1 million people with Medicare saved a total of \$687 million on prescription drugs in “donut hole” coverage gap for an average of \$629 in savings this year. A [state-by-state](#) breakdown of this data was also made available.
- On July 26, HHS and the Attorney General [announced](#) a public-private partnership to prevent health care fraud. The partnership includes the federal government, state officials, several private health insurance organizations, and anti-fraud groups. According to HHS, the new partnership will “share information and best practices in order to improve detection and prevent payment of fraudulent health care billings.”
- CMS recently announced several national calls of potential interest to family physicians. Registration for each of these calls is required via a CMS contractor [site](#).
  - Medicare Shared Savings Program and Advance Payment Model, Application Process will be held on Tuesday, July 31, 1:30 PM ET.
  - CMS Proposals for the Physician Value-Based Payment Modifier will be held on Wednesday, August 1, at 2:30 PM ET.
  - Physician Quality Reporting System & Electronic Prescribing will be held on Tuesday, August 7, at 1:30 PM ET.
  - Five New Medicare Preventive Services will be held on August 15, 2:00 PM ET.