GOVERNMENT AFFAIRS WEEKLY

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IN THIS REPORT…

NEXT WEEK IN WASHINGTON…

* On Monday, July 22, the House Energy and Commerce Health Subcommittee will begin debate on legislation to reform the Sustainable Growth Rate formula
* The full Senate is expected to pass legislation to roll back interest rates on some student loans as early as Tuesday.

1. A REPLACEMENT TO THE SGR EMERGES

Late on Thursday, July 18, the Health Subcommittee of the House Energy and Commerce Committee released a bipartisan draft bill that would repeal the Medicare Sustainable Growth Rate formula that determines physician payment. In its place, the bill would specify an annual increase of 0.5 percent for the Medicare Physician Fee Schedule for the next five years. Beginning in 2019, physicians would be paid according to their success in meeting quality improvement measures that are determined by physician groups and approved by the Centers for Medicare and Medicaid Services (CMS). Alternatively, physicians can take part in approved Alternative Payment Models that specify by contract how payment will be made and quality improvement measured.

Importantly, the draft bill would allow physicians who currently practice in medical homes to be eligible to charge care coordination fee for the care for patients with complex chronic conditions. In addition, the draft would make the medical home model eligible for status as a valid Alternative Payment Model without a further evaluation period. Finally, the bill would require HHS to reduce payment for over-valued codes enough to produce a 1-percent savings each year from 2016-2018.

The AAFP has issued a statement of support for the legislation, but asked Congress to consider increasing the base payment rate for primary care.

2. AAFP PUBLISHES SUMMARY OF 2014 PROPOSED MPFS

AAFP staff prepared a summary of the Proposed Medicare Physician Fee Schedule for 2014 which outlines the favorable steps CMS proposes to make toward meaningful payment reform and notes that CMS is constrained by the dysfunctional SGR formula that dictates Medicare physician payment.

3. HOUSE PASSES BILLS TO DELAY INDIVIDUAL AND EMPLOYER MANDATES

On Wednesday, July 17, the House passed two bills targeting the *Affordable Care Act's* employer coverage and individual coverage mandates. The *Authority for Mandate Delay Act* (HR 2667) which seeks to delay the *Affordable Care Act's* employer coverage mandate for one year passed on a vote of 264 to 161, with 35 Democrats joining all but one Republican to vote for the legislation. The Administration had announced on July 2 that it will provide an additional year before the ACA mandatory employer and insurer reporting requirements begin. The *Fairness for American Families Act* (HR 2668) would delay for one year the individual mandate. It passed by a vote of 251 to 174. Although neither bill is likely to be considered by the full Senate, the White House issued veto threats in a statement of administration policy.

4. DEMOCRATS TOUT BENEFITS OF HEALTH CARE REFORM

On July 15, Rep. Henry Waxman (D-CA) released new reports on the benefits of the ACA in every congressional district in the country. The reports show that millions of Americans are already benefitting from the law's reforms of Medicare and the private insurance market. Among the data points are the number of seniors now eligible for Medicare preventive services with no co-pays, coinsurance or deductibles, and the number of individuals, women and children who now have health insurance with no co-pays, coinsurance or deductibles.

On July 18, President Barack Obama announced from the East Room of the White House that the ACA's Medical Loss Ratio refunds went to millions of Americans. In 2012, 13 million rebates went out, in all 50 states. Another 8.5 million rebates are being sent out this summer, averaging around $100 each, he said.

5. DRUG COMPOUNDING SUBJECT OF HOUSE HEARING

The House Subcommittee on Health of the Energy and Commerce Committee heard from consumer groups as well as brand and generic drug trade groups at a hearing held on July 17 entitled "Reforming the Drug Compounding Regulatory Framework." The groups are in disagreement over support for a Senate bill that creates a new tier of "compounding manufacturers" for a new level of FDA regulation. Instead, some think that companies like the one responsible for the fungal meningitis outbreak last fall should comply with the same standards as any other drug maker. This week's hearing was the second held on the House side, but no consensus appeared on a regulatory approach. The FDA's Director for the Center for Drug Evaluation and Research, Janet Woodcock, spoke in favor of the Senate bill but one subcommittee member criticized the government agency, stating that the agency did not use its regulatory authority in the tragic Massachusetts event. While the Senate HELP Committee has passed its bill which now awaits floor action, the House schedule is still unclear.

6. CMS HOLDS MARKETPLACE STAKEHOLDER TELECONFERENCES

CMS will host the second in a three-part series of teleconferences related to health insurance marketplaces for federally facilitated and partnership marketplace states. State-specific marketplace information will be provided, and participants will have an opportunity to ask questions and provide feedback to CMS officials. Calls will take place July 29 through August 2. Registration is required through the CMS Open Door Forum.

7. STATE OF BIOMEDICAL INNOVATION CONFERENCE

The Engelberg Center for Health Care Reform at the Brookings Institute was the site for the second annual State of Biomedical Innovation conference held on July 16. The goal of the conference was to assess US biomedical innovation and discuss policy solutions that ensure the nation remains a world leader. This year the program, moderated by Mark McClellan, MD, PhD, featured a presentation on the drivers of innovation and how to best track them through use of comprehensive metrics. In addition, the conference focused specifically on novel sources and applications of big data in innovation, with senior-level thought leaders from government, academia, industry, patient advocacy and clinical care present to share their views and recommendations.

8. MEDICAID/MEDICARE PRIMARY CARE PARITY -- UPDATE

On Friday, July 19, the AAFP heard from the Centers for Medicare and Medicaid Services (CMS) that 26 out of 49 states are finally paying the increased Medicaid rate for primary care services. Reportedly, 23 states have anticipated start dates over the next two months, while Wisconsin and Georgia are the late outliers slated to begin paying in October and November respectively. According to CMS, California's state plan amendment (SPA) to implement the parity payment is still in the revision process. To date, the AAFP has sent a number of communications to chapters regarding the importance of attestation deadlines. If your chapter needs assistance in member attestation communications, please contact Michelle Greenhalgh.

9. AAFP SUPPORTS 25th ANNUAL TAR WARS NATIONAL CONFERENCE

The 25th Annual Tar Wars National Conference was held on July 15 and 16 in Washington, DC. The AAFP helped the winners of the Tar Wars poster and video contest to schedule visits with their Congressional legislators. The students received brief message training prior to their legislative visits. In all, 27 students and their families participated in 60 legislative visits. The students thanked legislators for their work and asked them to please continue to support legislation for tobacco control and education programs.

10. FamMedPAC BY THE NUMBERS

As of now, donations to FamMedPAC total $253,953 in 2013. Thus far, 1055 members have made a contribution to the PAC. Members contributed $30,035 through the dues check-off.

FamMedPAC is tracking the donation totals and percent of members donating from each of the AAFP chapters. So far in this election cycle, California leads all chapters in total amount donated, with $14,705; while Connecticut leads in percentage, with 5.69 percent of its members making a donation this year. The PAC will track chapter donations for the two-year election cycle and present the PAC Chapter Awards at the 2015 ALF/NCSC meeting. The top 10 Chapters for total amount donated and percentage of Chapter donating for the 2014 election cycle are listed below.

2013-14 Total Donations Ranking:	
(1) California:	$14,705.00
(2) Texas:	$14,183.00
(3) Ohio:	$13,364.00
(4) Illinois:	$12,841.00
(5) Washington:	$10,210.00
(6) New York:	$10,010.00
(7) Pennsylvania:	$9,464.00
(8) Tennessee:	$9,217.00
(9) Oklahoma:	$8,280.00
(10) North Carolina	$7,495.00

2013-14 Chapter Percentage Ranking:	
(1) Connecticut:	5.69%
(2) Rhode Island:	5.11%
(3) South Dakota:	4.31%
(4) Montana:	3.19%
(5) Mississippi:	3.04%
(6) Idaho	2.85%
(7) Maryland:	2.45%
(8) Massachusetts:	2.66%
(9) Nebraska:	2.56%
(10) Alaska:	2.38%

The PAC made $236,000 campaign contributions to 236 candidates and committees since the first of the year – 58 percent of the contributions went to Democrats, 42 percent went to Republicans

11. AAFP COMMENDS FDA RECLASSIFICATION OF SUNLAMP PRODUCTS

The AAFP sent the Food and Drug Administration (FDA) a letter on July 17 that supports a proposal to reclassify ultraviolet lamps intended to tan the skin from class I (exempt from premarket notification) to class II (subject to premarket notification). As part of this proposal the FDA renames these devices as "sunlamp products." If the FDA finalizes their proposal, the agency would institute stricter regulations to protect the public health and include a strong recommendation against the use of these devices by minors under the age of 18. In the regulatory comment letter, the AAFP expressed full support for this reclassification and also recommended that the FDA produce consumer education materials on the dangers of indoor tanning, especially for minors.

12. DEA REPLIES TO AAFP ON SUBOXONE®

The US Drug Enforcement Agency (DEA) discussed with the AAFP staff the July 5 letter concerning the limits on the number of patients which physicians licensed to prescribe Suboxone® can treat for opioid addiction. The DEA acknowledged our interest in raising the limit to 200 patients from the current cap of 100 patients (or 30 patients depending on the certification achieved) but indicated that the cap is set in federal law (Title 21 §823). The Suboxone® program is administered by the Substance Abuse and Mental Health Services Administration's (SAMHSA) which estimates that 800,000 physicians across the nation could qualify to treat patients in the maintenance phase of treatment of opiate dependence with Suboxone®. However, only about 25,000 physicians currently do. While the DEA cannot increase the limit on patients that a physician can treat, it does encourage more physicians to become certified providers.

13. REGULATORY BRIEFS

- On July 16, CMS announced "positive and promising" results from the first performance year of the Pioneer Accountable Care Organization (ACO) Model. The Pioneer ACO model encourages providers and caregivers to deliver more coordinated care for Medicare beneficiaries. Thirteen out of 32 Pioneer ACOs produced shared savings with CMS, generating a gross savings of $87.6 million in 2012 and saving nearly $33 million to the Medicare Trust Funds. Pioneer ACOs earned over $76 million and only 2 Pioneer ACOs had losses totaling only about $4 million. Twenty-five of 32 Pioneer ACOs generated lower risk-adjusted readmission rates for their aligned beneficiaries than the benchmark rate for all Medicare fee-for-service beneficiaries. Seven Pioneer ACOs have notified CMS that they intend to apply to the Medicare Shared Savings Program. Two Pioneer ACOs have indicated to CMS their intent to leave the model.
- On July 17, CMS released data demonstrating that doctors and hospitals are using electronic health records (EHRs). CMS highlighted that since 2011:
    - More than 190 million electronic prescriptions have been sent;
    - Clinicians have sent 4.6 million patients an electronic copy of their health information from their EHRs;
    - Over 13 million reminders about appointments, required tests, or check-ups were sent to patients using EHRs;
    - Providers have checked drug and medication interactions to ensure patient safety more than 40 million times through the use of EHRs; and
    - Providers shared more than 4.3 million care summaries with other providers when patients moved between care settings resulting in better patient outcomes.
- Also on July 17, CMS announced two free mobile device applications (apps) to help physicians track their payments and other financial transfers that the industry will report

under the Open Payments program, also known as the Physician Payments Sunshine Act. Both apps are compatible with the Apple™ and Android platforms; they are available free through the Apple™ Store and Google Play™ Store. Starting August 1, 2013, pharmaceutical and device manufacturers and group purchasing organizations (GPOs) will collect and prepare to report payments and other transfers of value made to physicians and teaching hospitals, as well as certain ownership and investment interests. Physicians are not required to report any information, though they may wish to use this technology to help them validate reports submitted by manufacturers about payments they've received.

- CMS will hold several free educational conference calls, registration is required for each:
  - Medicare and Medicaid EHR Incentive Program; Reporting in 2014 on July 23 at 1:30pm ET;
  - Stage 1 and 2 of Meaningful Use for the EHR Incentive Programs on July 24 at 1:30pm ET;
  - Proposals for PQRS and Physician Value-Based Payment Modifier on July 25 at 1:30pm ET;
  - Choosing Your PQRS Group Reporting Mechanism and Implications for the Value-based Payment Modifier on July 31 at 2:30pm ET;
  - ESRD Quality Incentive Program on August 7 at 3:00pm ET.
  - Open Payments (Sunshine Act) and the Physician Resource Toolkit on August 8 at 1:30pm ET.
  - ESRD Quality Incentive Program for Payment Year 2016 on August 14 at 3:00pm ET.
  - ICD-10 Basics on August 22 at 1:30pm ET.