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NEXT WEEK IN WASHINGTON...

- *The AAFP Board of Directors meets in Washington, D.C.
- *House HHS Appropriations Subcommittee Examines Health Agencies' Budgets on March 5
- *House Energy & Commerce Health Subcommittee Hearing on "Saving Seniors and Our Most Vulnerable Citizens from an Entitlement Crisis" on March 6
- *House Energy & Commerce Health Subcommittee hearing on "Unaffordable: Impact of Obamacare on Americans' Health Insurance Premiums" on March 7

1. AAFP GME MODERNIZATION BILL INTRODUCED IN THE HOUSE

A bill has been introduced in the U.S. House of Representatives that would authorize a budget-neutral pilot project to test locally based, innovative models for the distribution of Medicare Graduate Medical Education (GME) funding for the training of primary care physicians. Rep. Cathy McMorris Rogers (R-WA) and Rep. Mike Thompson (D-CA) re-introduced the *Primary Care Workforce Access Improvement Act* (HR 487). The bill which is identical to legislation the two legislators cosponsored in the 112th Congress, would test the effectiveness of local innovations in the way GME payments are made with the goal of facilitating the development of a robust primary care workforce.

The pilot would test at least four models of governance currently operating within family medicine, all of which, in one form or another, allow the money to "follow the resident."

Advocacy efforts for the next several months, including the Family Medicine Congressional Conference, will seek additional House cosponsors for HR 487.

2. HOUSE SUBCOMMITTEE HOLDS HEARING ON WASTE, FRAUD, ABUSE

On Wednesday, February 27, the Health Subcommittee of the House Energy and Commerce Committee held the second hearing in less than three weeks on issues of fraud and abuse. Rep. Michael Burgess, MD (R-TX) shared his frustration that Congress has been talking about health care waste, fraud and abuse for 15 years or more and in a time of serious budget constraints, there should be a more serious look at fraud.

The witnesses included Dr. Peter Budetti, Deputy Administrator and Director, Center for Program Integrity, who talked about the success of the Fraud Prevention System recently implemented. In addition, CMS has installed a competitive bidding process that has been effective in weeding out fraud and has increased attention to preventing fraudulent Medicare claims and improper payment to providers.

3. SENATE COMMITTEE LOOKS AT HEALTH CARE INFORMATION FOR CONSUMERS

The Subcommittee on Consumer Protection, Product Safety and Insurance held a hearing on Wednesday, February 27 to look at how consumers find the information they need to make informed choices when purchasing health insurance. For consumers to better understand coverage, costs and features available, they need to be able to compare one plan to the next. Senator Jay Rockefeller (D-WV), who chairs the subcommittee, noted that insurance companies should compete for consumers' business on the value of their product and there must be transparency and clear labeling as required by the *Affordable Care Act*. The Summary of Benefits and Coverage (SBC,) while not yet fully implemented, is the document that was developed to serve as a standardized disclosure form that will allow consumers to make comparisons and informed insurance selections.

4. SENATE REJECTS RIVAL BILLS TO AVOID BUDGET SEQUESTER

On the eve of the statutory start of the across-the-board spending cuts known as "sequester," the Senate on Thursday rejected rival proposals to prevent implementation of the \$85 billion in automatic cuts on Friday, March 1. The Office of Management and Budget's sequestration implementation guidance says the \$85 billion sequester will come from cuts of "approximately 9 percent for nondefense programs and 13 percent for defense programs." Neither party's plan received the required 60 votes.

The *American Family Economic Protection Act* (S 388,) proposed by Senator Barbara Mikulski, (D-MD) who chairs the Senate Appropriations Committee, failed on a vote of 51 to 49 with Senators Mary Landrieu (D-LA), Mark Pryor (D-AR) and Kay Hagan (D-NC) voting with the Republicans. Senate Majority Leader Harry Reid (D-NV) also voted no as a procedural requirement to be able to bring the bill to the Senate for reconsideration in the future.

The Republican plan, introduced by Senators James Inhofe (R-OK) and Pat Toomey (R- PA) and known as the *Cancellation of Budgetary Resources* (S 16) raised concerns that it did not adequately protect the Pentagon budget. It failed on a vote of 38 to 62 with Senators John McCain (R-AZ), Mike Lee (R-UT), Rand Paul (R-KY), Kelly Ayotte (R-NH), Lindsey Graham (R-SC), Dean Heller (R-NV), Marco Rubio (R-FL) and Susan Collins (R-ME) voting against the bill.

The White House issued a "Statement of Administration Policy" (SAP) for each bill. One described the *American Family Economic Protection Act* as "consistent with the President's balanced approach to reduce the deficit while supporting job creation, long-term economic growth, and protecting the most vulnerable" and indicated that the President "looks forward to working with the Congress to enact such a plan." The SAP for *Cancellation of Budgetary*

Resources condemned it as a bill that “would preserve every single unwarranted tax expenditure, while putting on the table cuts to Medicare, education, and other priorities.”

Next week, the House is scheduled to consider legislation that would combine a continuing resolution to fund most of the government with an omnibus with full appropriations language for the Defense and Veterans Affairs departments. Chairwoman Mikulski says she intends to offer a bill to complete all 12 unfinished fiscal year 2013 spending measures under the \$1.043 trillion cap set by the fiscal cliff law. The current stop-gap funding bill expires March 27.

5. SENATE COMMITTEE RECEIVES DELIVERY SYSTEM REPORT FROM CMS OFFICIAL

On February 28, the United States Senate Committee on Finance held a [hearing](#) titled "Delivery System Reform: Progress Report from CMS." After Chairman Baucus (D-MT) provided [opening remarks](#) and Ranking Member Hatch (R-UT) provided his [opening remarks](#), Mr. Jonathan Blum, Acting Principal Deputy Administrator for the Centers for Medicare and Medicaid Services, provided [testimony](#). During the question and answer session, Senators asked for updates on CMS efforts to pay hospitals and physicians for value and quality instead of volume. Senators also inquired about efforts to better target high-cost Medicare and Medicaid beneficiaries with chronic conditions.

Of particular interest to primary care physicians, when Chairman Baucus asked about CMS efforts to coordinate with private payers, Deputy Administrator Blum referenced their efforts surrounding the Comprehensive Primary Care Initiative as a way CMS and private payers are supporting the patient centered medical home. Senator Carper (D-DE) raised the issue of the sustainable growth rate (SGR) and in his response, Deputy Administrator Blum referenced SGR cuts as an “annual crisis” that “creates havoc for patients, physicians.”

6. FamMedPAC BOARD APPROVES DONATION BUDGET

The FamMedPAC Board of Directors approved a contribution budget this week targeting donations to members of key committees, leadership of both the Democratic and Republican parties, newly elected Congressional legislators who the PAC helped in the 2012 election, and those who represent districts of AAFP Board members, FamMedPAC Board members, and CGA members. The budget will help guide donations over the next two years. FamMedPAC participated in events this week for the following legislators:

- **Rep. Andy Harris (R-MD)**, a physician in his second term in Congress and new member of the House Labor, HHS, Education Appropriations Subcommittee.
- **Rep. Phil Roe, MD (R-TN)**, a physician who represents the district of AAFP President-elect Reid Blackwelder.
- **Rep. Fred Upton (R-MI)**, the Chair of the House Energy and Commerce Committee, the Committee with jurisdiction over most healthcare issues in the House.
- **Rep. Frank Pallone (R-NJ)**, the senior Democrat on the Health Subcommittee of the House Energy and Commerce Committee.
- **Rep. Dave Camp (R-MI)**, the Chair of the House Ways and Means Committee, the other committee in the House with jurisdiction over health issues.
- **Rep. Gus Bilirakis (R-FL)**, a new member of the Health Subcommittee of the House Energy and Commerce Committee.
- **Sen. Mike Enzi (R-WY)**, who serves on the Senate Finance Committee, the Health, Education Labor and Pensions Committee, and the Budget Committee. All three Committees deal with health issues.

7. AAFP WRITES CMS ON GLOBAL SURGICAL PACKAGE

In a [letter](#) sent February 20, the AAFP wrote the Centers for Medicare & Medicaid Services (CMS) and offered detailed suggestions on ways CMS can improve the valuation of the global surgical package. The agency discussed the need to revalue these services in the proposed and final rules on the 2013 Medicare physician fee schedule citing that current efforts to validate relative value units (RVUs) in the fee schedule. The AAFP commented that the agency does not go far enough to assess whether the valuation of global surgical packages reflects the number and level of post-operative services that are typically furnished. The AAFP supported efforts to improve the valuation of the global surgical package since the global surgical packages are inflated in terms of the number and level of post-operative visits assumed to be included and incorporated in the value of the codes in question. The AAFP supported CMS's intent to both investigate this area of potentially misvalued codes and to do so outside the process of the American Medical Association (AMA)/Specialty Society Relative Value Scale Update Committee (RUC).

8. AAFP OBJECTS TO NCCI EDIT IMPACTING E/M AND VACCINATION CODES

In a [letter](#) sent February 20, the AAFP expressed strong objection with a recent National Correct Coding Initiative (NCCI) edit that became effective on January 1, 2013. The edit in question denies payment for an evaluation and management (E/M) service billed on the same date to the same patient as a vaccine administration code, unless modifier 25 is appended to the E/M code. The AAFP calls on the NCCI to revoke this particular edit altogether since the edit is needlessly complicated and unnecessarily confuses how physician practices bill and administer immunizations. The AAFP expressed concern that this barrier will deteriorate vaccine coverage further impacting the low adult immunization rates in the United States.

9. GOVERNOR CHRISTIE AGREES TO EXPAND NEW JERSEY MEDICAID PROGRAM

This week, Governor Chris Christie (R-NJ) [announced](#) that he would pursue the expansion of Medicaid in his state. Doing so would provide health insurance to 104,000 of the poorest state residents, the Governor said in his annual budget address to the state legislature. New Jersey joins three other Republican-led state Governors (Florida, Ohio, and Michigan) who have said that they would adopt the Medicaid Expansion. Republican Governors in Arizona, Nevada, New Mexico, and North Dakota had also indicated that they are committed to expanding the program. To date, about half of the 50 states have said that they will expand the program.

10. HHS RELEASES ESSENTIAL HEALTH BENEFITS FINAL RULE

This week, the Department of Health and Human Services released the final rule outlining acceptable Exchange and issuer standards related to coverage of essential health benefits and actuarial value. The rule also finalizes a timeline for qualified health plans to be accredited in Federally-facilitated Exchanges and amends regulations providing an application process for the recognition of additional accrediting entities for the purposes of certifying qualified health plans. AAFP staff is reviewing the regulation and will produce a summary to be distributed to chapters and other interested parties next week. To read the press release, please see the HHS website.

11. HHS AWARDS STATE INNOVATION MODEL FUNDS

Last week, HHS awarded \$300 million in Affordable Care Act funds to six states working to contain health costs. Arkansas, Maine, Massachusetts, Minnesota, Oregon and Vermont are expected to use the "State Innovation Model" funds to support efforts to overhaul their delivery systems. HHS also announced that another 19 states will receive awards to help develop delivery system reform plans. The agency described the awards as an effort to promote "flexibility" in efforts to contain health costs.

12. AAFP SCOPE OF PRACTICE KIT RELEASED TO CHAPTERS

Last week, the AAFP released a State Scope of Practice Kit for state chapters. The kit contains a series of one-page informational documents intended to inform legislators and provide critical information on the education and training differences between physicians and non-physician health care providers. As of February 21, 2013, there are more than 1,700 bills in state legislatures related to scope of practice.

13. AAFP MEDICAID EXPANSION TALKING POINTS RELEASED TO CHAPTERS

Last week, the AAFP released Medicaid Talking Points for state chapters. The talking points target governors and legislatures in states who have yet to accept Medicaid expansion under the *Affordable Care Act*. As of February 21, 2013, 24 states have declared the intent to expand Medicaid.

14. REGULATORY BRIEFS

- On February 15, CMS [announced](#) recipients of 27 Strong Start for Mothers and Newborns Awards to test enhanced prenatal care initiatives aimed at reducing pre-term births among high-risk women in Medicaid and the Children's Health Insurance Program (CHIP). The Strong Start awards will be located in 32 states, the District of Columbia, and Puerto Rico and will serve more than 80,000 women enrolled in Medicaid or CHIP over the three intervention years.
- On February 15, CMS [proposed](#) payment and policy guidance for Medicare Advantage (MA) and Medicare Prescription Drug Plans (Part D) for 2014. The 2014 Advance Notice and draft Call Letter takes important steps to improve payment accuracy for these plans without shifting costs to beneficiaries. As part of this announcement, CMS also released a proposed rule implementing the *Affordable Care Act* medical loss ratio (MLR) requirements for MA and Part D plans that promote greater accountability and transparency. The proposed rule limits how much plans can spend on marketing, overhead, and profit. Under the *Affordable Care Act*, Medicare health and drug plans must meet a minimum MLR, beginning in 2014, of at least 85 percent of revenue.
- On February 12, the US Preventive Services Task Force (USPSTF) released two new tools available for primary care clinicians. The updated [2012 Guide to Clinical Preventive Services](#) is an authoritative source that can help primary care clinicians and patients decide together what preventive services are right for a patient's needs.
- On February 15, CMS announced that, due to a projected lack of funding, the agency is immediately blocking new applications for coverage under so-called Pre-Existing Condition Insurance Plans (PCIP) which are currently operating in 23 states and in DC. The 135,000 individuals covered under the PCIPs and many others with pre-existing medical conditions will be eligible to seek enrollment under state-run health insurance exchanges or the FFE's beginning this October.
- On February 28, the CMS released a [fact sheet](#) highlighting the progress CMS has made in building a high quality, affordable health care system as the result of *Affordable Care Act* delivery system reforms. Highlights of this report include data indicating that:
 - Health care spending is slowing.
 - Health outcomes are improving and adverse events are falling.
 - Over 250 organizations are participating in Medicare Accountable Care Organizations (ACOs), serving approximately 4 million (eight percent) Medicare beneficiaries. ACOs are estimated to save up to \$940 million in the first four years.