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NEXT WEEK IN WASHINGTON...

*On Tuesday, the House Energy and Commerce Subcommittee on Health will hold a hearing to examine drug shortages and efforts to address them

1. CONGRESS UNVEILS UPDATED BILL TO REPEAL SGR FORMULA

On February 6, bipartisan negotiators from the House and Senate unveiled a revised bill to repeal and replace the Medicare SGR formula. The *SGR Repeal and Medicare Provider Payment Modernization Act of 2014*—filed as [HR 4015](#) in the House and S. 2000 in the Senate—represents a compromise between the three committees of jurisdiction (the House Ways and Means and Energy and Commerce Committees and the Senate Committee on Finance) each of which had previously approved its own plan. The new bill would repeal the SGR formula and provide positive payment updates over a five-year period (2014-2018), after which physicians could choose to be paid under an alternative payment methodology (e.g. patient-centered medical home), or remain in a new merit-based fee-for-service payment system that consolidates existing programs (PQRS, meaningful use, and value-based modifier). AAFP President Reid Blackwelder, MD, issued a [statement](#) after the bill was filed. Congress has not yet determined how it plans to pay for the bill, which is expected to cost some \$150 billion over 10 years.

2. CBO BUDGET OUTLOOK HIGHLIGHTS PROBLEMS AND POSITIVE IMPACT OF ACA

The Congressional Budget Office said in its [annual budget outlook](#) that the *Affordable Care Act* (ACA, [PL 111-148](#), [PL 111-152](#)) will lead to more people leaving the workforce than had earlier been projected. The CBO analysis released Tuesday predicted that those covered by provisions of the ACA would reduce the number of FTE by the equivalent of more than two million full-time positions, mostly due to workers leaving multiple jobs or retiring earlier now that health insurance is not tied to employment. The CBO also estimated that 1 million fewer people will receive health insurance through the law's exchanges in 2014 than previously projected, mostly due to the troubled federal exchange website rollout. But with those problems largely

resolved, the agency projects a sharp increase in enrollment in the exchanges by the end of the current open enrollment period on March 31 — and also over the next few years.

3. FamMedPAC JANUARY FUNDRAISING TOTAL, SUPPORT OF KEY LEGISLATORS

FamMedPAC enjoyed an exceptional January, with over \$103,000 donated to the PAC. This is the highest one-month fundraising total in the PAC's 8½ years.

The PAC supported the following legislators this week

- **Rep. Sandy Levin (D-MI)**, the senior Democrat on the House Ways and Means Committee
- **Rep. Kevin McCarthy (R-CA)**, the House Majority Whip.
- **Rep. Brett Guthrie (R-KY)**, a member of the Health Subcommittee of the House Energy and Commerce Committee
- **Rep. Eric Cantor (R-VA)**, the Majority Leader of the House.

4. SENATE CLEARS FARM BILL FOR PRESIDENT'S SIGNATURE

The Senate gave the final stamp of approval on the five-year farm bill, voting 68 to 32 Tuesday. The House had already approved the farm bill ([HR 2642](#)) on January 29 with a vote of 251 to 166. The nearly \$1 trillion bill is a significant overhaul of food policy, and covers a wide variety of policies, such as eliminating direct payments to farmers in lieu of crop insurance and cutting \$8 billion in funds for food stamps or Supplemental Nutritional Assistance Program (SNAP). The original House version of the bill called for \$39 billion in SNAP cuts. Nine Senate Democrats joined 23 Republicans in opposing the bill. Democrats cited cuts to SNAP in their opposition to the bill.

5. NATION REACHES DEBT LIMIT, CONGRESS WORKING ON EXTENSION

The temporary suspension of the nation's borrowing limit expired this week, as lawmakers continue to seek consensus on a strategy to raise the debt ceiling and the Treasury Department begins "extraordinary measures" to avoid default. Treasury Secretary Jacob Lew has advised Congress repeatedly that even with these measures, the government stands to run short of credit by the end of February. House Republicans are crafting legislation to raise the limit and may include a temporary 9-month "patch" to the Medicare physician payment formula. The patch would allow time for legislators to decide on how to pay for the permanent SGR repeal legislation released this week. However, it is unclear that any of those options will pass, and the Republicans might end up having to approve an unconditional debt ceiling increase, which some legislators say is inevitable.

6. PHARMACY CHAIN CVS TO STOP SELLING TOBACCO PRODUCTS

Pharmacy chain CVS said Wednesday, February 5, it will stop selling tobacco products at its 7,600 locations across the country, a move that public health advocates hope will pressure other large drug store franchises to follow suit. CVS executives said the decision could cost billions of dollars in revenue because cigarettes draw so many customers in their stores. AAFP Board Chair Jeff Cain, MD issued [a statement](#) in support of CVS's action.

7. SURGEON GENERAL NOMINEE APPEARS BEFORE COMMITTEE

Members of the Senate Health, Education, Labor and Pensions (HELP) Committee, held a confirmation hearing on the nomination of Vivek Murthy, MD, to be surgeon general on Tuesday, February 4. Several Republican members of the committee expressed reservations about the nominee's past roles as an advocate for the ACA and as a supporter of gun control laws. Dr. Murthy responded that he believes the job of the surgeon general is not to be a legislator or a judge, but rather to be a public health educator. He went on to say that he would focus on issues that affect the public like obesity, tobacco related illness, mental health issues,

and building community partnerships. AAFP sent a [letter](#) in support of Dr. Murthy's appointment. The committee is expected to vote on the nomination within the next few weeks

8. SEN. BAUCUS CONFIRMED AS AMBASSADOR, SEN. WYDEN TO CHAIR FINANCE

On Thursday, February 6, Senators overwhelmingly endorsed their colleague Sen. Max Baucus (D-MT) to serve as U.S. ambassador in Beijing. Ambassador Baucus has served for just over 35 years in the Senate, and was Chair of the powerful Senate Finance Committee. Sen. Ron Wyden (D-OR) is in line to chair the Finance Committee.

9. STATE MEDICAID EXPANSION UPDATES

- Arkansas – As the 2014 legislative session gets underway, Republican lawmakers say that they plan to block the experimental funding for the private option version of the Medicaid expansion. The private option allows the state to use Medicaid funds to purchase private health-insurance plans for low-income residents. The law implementing the Medicaid Expansion in Arkansas, passed by a narrow margin in 2013, and was signed into law last April. In order for the funding to continue, three-fourths of both houses must approve the appropriation to accept the federal money again. This has the potential to create a huge hole in the state budget and impact other states as they look for different expansion models.
- Virginia – One of Gov. Terry McAuliffe's top priorities is to convince the state to expand Medicaid. McAuliffe's Health and Human Resources agency recently released a report that estimates a savings of \$1 billion over nine years with the expansion of Medicaid. However, expansion will likely be difficult to achieve in Virginia, because it would need support from the Republican controlled House of Delegates.

10. REGULATORY BRIEFS

- On January 31, CMS [announced](#) the [Frontier Community Health Integration Project](#) which is a new Medicare demonstration project for critical access hospitals (CAHs) in Alaska, Montana, Nevada, North Dakota and Wyoming. This project is designed to support CAHs in increasing access to services that are often unavailable in frontier communities with the goal of reducing avoidable transfers to hospitals in larger communities. Applications are due to CMS on May 5, 2014 and should include a plan to meet health needs in the areas of telemedicine, nursing facility care, home health and ambulance services.
- On February 3, HHS [released](#) a final rule that amends the Clinical Laboratory Improvement Amendments (CLIA) regulations to allow laboratories to give a patient, or a person designated by the patient, his or her "personal representative," access to the patient's completed test reports on the patient's or patient's personal representative's request. At the same time, the final rule eliminates the exception under the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule to an individual's right to access his or her protected health information when it is held by a CLIA-certified or CLIA-exempt laboratory. In a November 9, 2011 [letter](#) to CMS, the AAFP responded to the proposed version of this regulation. In this response, the AAFP supported patient access to laboratory reports but only after expressing concern that patients might not understand the reports without the physician's explanation.