

March 7, 2014

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NEXT WEEK IN WASHINGTON...

- * On Wednesday, March 12, the House Ways & Means Committee will hold a hearing on President Obama's budget proposal with HHS Secretary Sebelius scheduled to testify.
- * On Thursday, March 13, the House Labor, HHS and Education Appropriations Subcommittee will hold a hearing on biomedical research with directors from the National Institutes of Health.

1. WHITE HOUSE SUBMITS FY 2015 BUDGET PLAN TO CONGRESS

The White House released President Obama's fiscal year 2015 budget request on Tuesday, March 4. The plan adheres to the bipartisan spending caps and proposes \$1.2 trillion in savings over the next decade to replace sequestration starting in FY 2016. Congressional Republicans criticized the President's proposal for arriving a month late; failing to project a balanced budget; and not addressing growth in entitlement spending. The [appendix](#) for the Department of Health and Human Services is posted on the Office of Management and Budget website. The budget in brief is on the [HHS website](#). Here are the highlights of the plan's impact on AAFP priorities:

Medicare

Although the budget calls for a permanent, fiscally responsible reform to Medicare's payments to physicians, the budget only ~~ap~~plauds the bipartisan reform efforts in the Congress and is committed to working with the Congress to continue progress toward reforming Medicare physician payments to provide predictable payments that incentivize quality and efficiency in a fiscally responsible way." As in previous years, nothing in the FY2015 budget designates savings to pay for SGR repeal.

The budget proposes to find savings of \$400 billion in FY 2015 from the Medicare program – \$354 billion of which comes from provider cuts such as the prohibiting Critical Access Hospital payments to CAHs within 10 miles of another hospital (saves \$600 million over 10 years) and moving CAH cost payments from 101 percent to 100 percent (saves \$1.7 billion over 10 years.)

Graduate Medical Education (GME)

The budget calls for a new grant-based GME payment funded through the Medicare Hospital Insurance Trust Fund for a total of \$5.23 billion over 10 years to support 13,000 new residents. The new Targeted Support for GME Program will incorporate two existing HRSA programs, the Children's Hospital GME and the Teaching Health Center GME programs. Current awardees in those programs will be eligible to compete for funding through the new grant program, with a minimum of \$100 million set-aside specifically for children's hospitals in FY 2015.

The budget request notes that *Affordable Care Act*-authorized GME Payments for the Teaching Health Center program will be \$105 million in FY 2015 which compares to \$31 million spent in FY 2013 and the estimated expenditure of \$73 million for FY 2014. The budget requests no appropriated funding for Children's Hospital GME estimated at \$265 million in FY 2014.

Agency for Healthcare Research and Quality (AHRQ)

The budget requests \$334 million in base discretionary funding for the Agency for Healthcare Research and Quality (AHRQ). This is \$30 million less than FY 2014. However, as in prior years, mandatory funding from the Patient-Centered Outcomes Research Trust Fund and Prevention and Public Health Fund are expected to supplement the proposed cuts in discretionary funding. The budget proposes a program level for AHRQ of \$440 million.

Health Resources and Services Administration (HRSA)

- **Title VII**

The budget requests level-funding of \$37 million for the Title VII, Section 747 Primary Care Training and Enhancement program and \$33 million is provided for Geriatric programs. In addition, the budget provides for two new workforce initiatives, including \$4 million to fund ACA-authorized Rural Physician Training grants to help rural-focused training programs recruit and graduate students most likely to practice medicine in underserved rural communities which the AAFP has supported in the past. The budget proposes \$10 million to support a new Clinical Training in Interprofessional Practice program to increase the capacity of community-based primary health care teams to deliver quality care. The FY 2015 budget again proposes the elimination of the Title VII Health Careers Opportunity Program (HCOP) and Area Health Education Centers (AHEC) programs.

- **National Health Service Corps**

The budget calls for an increase in funding for the National Health Service Corps of \$4 billion over 10 years. The ACA NHSC trust fund expires at the end of 2015 but provides \$310 million in FY 2015. The budget includes those funds plus \$100 million in appropriated funds and an additional \$400 million in FY 2015 in new mandatory funds.

- **Rural Health**

The budget eliminates the rural access to automatic external defibrillators saving \$3 million in FY 2015 over FY 2014. It seeks to provide \$26 million for the Medicare rural hospital flexibility grants program, which is \$14 million below FY 2014. The budget sets other Office of Rural Health programs at the current level of \$98 million.

Centers for Disease Control and Prevention (CDC)

The budget request for the CDC is \$6.6 billion, a decrease of \$243 million from FY 2014. The request includes \$5.4 billion in budget authority, \$810 million from the Prevention and Public Health Fund, and \$397 million from Public Health Service evaluation funds. The budget proposes to eliminate as duplicative the CDC's Preventive Health and Health Services Block Grant saving \$160 million over FY 2014.

Indian Health Service (IHS)

Overall, the budget proposes an increase for the IHS of \$228 million for FY 2015; including \$5 million more for health professions scholarships and loan repayment as well as \$8 million more for prevention and \$50 million more for purchased and referred care.

National Institutes of Health (NIH)

The budget proposes to fund the NIH at \$30.4 billion, an increase of \$211 million over FY 2014.

2. AAFP SIGNS LETTER OF SUPPORT FOR NAPCRG PCORI GRANT PROPOSAL

AAFP joined the organizations that represent academic family medicine in support of the NAPCRG's proposal to the Patient Centered Outcomes Research Institute (PCORI). This proposal mainly relates to the training and development awards and addresses several of the high priority goals of both PCORI and family medicine. Letters of support are an explicit requirement of the awards. It is important to work toward producing a cadre of people, both clinician researchers and patients who care about primary care and the need for research into the whole person with multiple conditions.

3. HOUSE PASSES BILL TO DELAY ACA INDIVIDUAL MANDATE PENALTY

On a bipartisan vote of 250 to 160, the House passed the *Suspending the Individual Mandate Penalty Equals Fairness Act* or "~~S~~IMPLE Fairness Act" (HR 4118), to eliminate the penalty for individuals not buying insurance coverage in 2014. The penalty for 2014 under the *Affordable Care Act's* individual mandate is either \$95 or 1 percent of income, whichever is greater. The White House threatened to [veto](#) the bill, which is unlikely to be considered by the Senate.

4. MAINE MEDICAID CONTEMPLATES MANAGED CARE REQUIREMENT

The Maine legislature is still mulling whether to expand the state's Medicaid program to cover individuals up to 138-percent of the Federal Poverty Level. The latest debate is over a Republican proposal that includes an increased focus placed on fraud investigations, and a sunset clause that ends the expansion when federal funding dips below 100 percent. The bill also includes an opt-out provision allowing the state to cancel the expansion if the federal government fails to pay its share. Further, the legislators hope that an increased focus on fraud will create large savings and provide better home care services to thousands of mentally disabled Maine Medicaid recipients who are currently on wait lists.

5. ARKANSAS OFFICIALS REVAMP MEDICAID EXPANSION PROPOSAL PLANS

State officials in Arkansas have been focusing on re-working the details of their original plan to expand their Medicaid program under the *Affordable Care Act* by using Medicaid funds to purchase private insurance. Legislation to fund the expansion in the state has officially stalled, so officials are trying to work on an altered proposal to submit to CMS via a state waiver. Almost 94,000 of the poorest Arkansans are currently receiving subsidized health insurance through the approved private option, which has been a closely watched model for a number of other Republican-led states across the country.

6. CANCELLED INSURANCE PLANS MAY EXTEND FOR 2 MORE YEARS

This week, the CMS Center for Consumer Information & Insurance Insight [announced](#) a transitional policy for non-grandfathered insurance coverage in the small and individual health insurance marketplaces. Under the transitional policy, these non-grandfathered insurance plans in the individual or small group market will not be deemed "out of compliance" with certain market reforms if some specific conditions are not yet met. The announcement gives further details on the issue to clarify guidance released in a prior letter on November 14, 2013.