

March 5, 2010

IN THIS REPORT...

1. Medicare Payment Cut Postponed, Not Permanently Eliminated
2. President Urges Congress to Finish Health Reform
3. AAFP Officers Meet with Administration and Legislators
4. FamMedPAC Supports AAFP Advocacy Work
5. Powerful House Ways and Means Committee Has New Acting Chairman
6. Budget Woes in Several States Put Pressure on Medicaid Spending
7. States Pass Diverse Health Bills

NEXT WEEK IN WASHINGTON...

* The Senate may complete debate on HR 4213 that would extend Medicare physician payment rates until October 1. The House must still approve the bill.

1. ANOTHER SGR PATCH PREVENTS MEDICARE CUT IN MARCH

On Tuesday, March 2, President Barack Obama signed the *Temporary Extension Act* (HR 4691) which postponed the 21.2 percent Medicare physician payment cut until April 1. The Senate is expected to vote later on legislation (HR 4213) to delay the physician fee cuts until October 1.

2. PRESIDENT CALLS FOR “UP-OR-DOWN VOTE” ON HEALTH REFORM

AAFP President-elect Roland Goertz shared the stage with President Obama in the White House’s East Room on Wednesday, March 3 while the President urged Congress to finish comprehensive health reform legislation. He called for an up-or-down vote to finish the legislation without describing the procedure known as “budget reconciliation” proposed to pass the bill with a simple majority. House and Senate Democratic leaders are working to finalize language for a health reform bill by the end of next week, in order to allow for passage by spring recess beginning on March 27. Republican House and Senate leaders continue to criticize the use of reconciliation to facilitate passage of health reform legislation.

3. AAFP BOARD OFFICERS MEET WITH ADMINISTRATION AND LEGISLATORS

On March 2 and 3, the AAFP President Lori Heim, MD; President-elect Roland Goertz, MD; Board Chair Ted Epperly, MD; and Executive Vice President Doug Henley, MD were in Washington for meetings with the Administration officials, key legislators and their staff, the American Academy of Physician Assistants and the AMA Executive Committee. These meetings addressed the SGR and Medicare physician payment; primary care bonus payments; the Patient-Centered Medical Home; medical liability reform; GME modernization; federal Health Professions Grants administered by the Health Resources and Services Administration (HRSA); wellness and prevention programs such as the First Lady’s Childhood Obesity initiative as well as the status of the health reform effort and plans for the implementation of health reform.

They met with HHS Secretary Kathleen Sebelius; Surgeon General Dr. Regina Benjamin; HRSA Administrator Dr. Mary Wakefield and representatives of several HRSA Bureaus. They also met with Reps. Walter Minnick (D-ID) and Chet Edwards (D-TX) both of whom voted against HR 3962, the health care reform bill last November. They conferred with senior staff for Sen. Richard Burr (R-NC) who serves on the Health, Education, Labor and Pensions Committee; Sen. Patty Murray (D-WA) who also serves HELP as well as the Budget and Appropriations Committees; Professional Staff Senate Finance Committee; senior staff to Sen. Kay Hagan (D-NC) also a member of the HELP Committee; and Sen. John Cornyn (R-TX) senior health LA who handles his Finance Committee work.

4. FAMMEDPAC

AAFP leadership met with several legislators this past week at their fundraising events:

Rep. Xavier Becerra (D-CA), who serves on the House Ways and Means Committee and is also the Vice Chair of the House Democratic Caucus. The conversation focused on the prospects for passage of the President's health reform proposal. Rep. Becerra feels strongly that there will be enough Democratic votes in the House to pass the Senate bill, and to pass a reconciliation package. He said that Speaker Pelosi is committed to moving the bill soon.

Senator Tom Harkin (D-IA), Chair of the Senate HELP Committee and also a member of the Senate Appropriations Committee. Sen. Harkin has been invited to speak at the upcoming Family Medicine Congressional Conference. The Senator focused on the health reform legislation in the Senate, saying that once the House acted, the Senate would move to pass the reconciliation package and get both bills to the President.

Rep. John Lewis (D-GA), who serves on the House Ways and Means Committee. Rep. Lewis is a strong supporter of primary care and minority health issues. The event featured former President Bill Clinton and was a celebration of Rep. Lewis' work in Congress and in the civil rights movement.

Rep. Richard Neal (D-MA), a member of the House Ways and Means Committee. Rep. Neal is a strong supporter of primary care and Title VII health education programs. Again, the focus was on the overall health care debate and the prospects for passage of health reform legislation. Rep. Neal is committed to moving forward on the bill.

5. LEADERSHIP CHANGES IN KEY HOUSE COMMITTEE

Rep. Sander Levin (D-MI) will take over as chairman of the House Ways and Means Committee after Rep. Pete Stark (D-CA), who held the gavel for a day, stepped aside. Rep. Stark will continue to chair the panel's health subcommittee. After the House Ethics Committee found on February 26 that long-time Ways and Means Chairman Charles Rangel (D-NY) had violated House gift rules, he came under increasing pressure to step aside; he remains under Ethics Committee investigation.

6. MEDICAID CUTS CONSIDERED IN SEVERAL STATES

- ***Oklahoma Cuts Medicaid Provider Rates by 3.25 Percent***

Oklahoma Governor Brad Henry (D) announced that he reached an agreement with the state legislature on balancing the state's budget, closing a \$238 million deficit. Included in the proposal is a 3.25 percent cut to reimbursement rates for Medicaid providers effective April 1. By spending three-eighths of the state's Rainy Day fund, lawmakers prevented an additional 3.5 percent cut in Medicaid provider rates. The state's medical society revealed that more than one in three physicians, who responded to a survey, plan to stop seeing Medicaid patients if the state implements the cut.

- **Federal Appeals Court Rules against California Medicaid Cuts**

The U.S. Ninth Circuit Court of Appeals issued [four decisions](#) against California Governor Arnold Schwarzenegger's (R) budget cuts, which included reducing reimbursement rates for Medi-Cal providers—the state's Medicaid program. The Ninth Circuit agreed with lower court decisions that granted preliminary injunctions against the cuts because California did not comply with the federal Medicaid Act. The court previously determined that under the Medicaid Act the state Department of Health Care Services must set rates "that bear a reasonable relationship to efficient and economical hospitals' costs of providing quality services, unless the Department shows some justification for rates that substantially deviate from such costs." The Ninth Circuit determined that the state did not conduct the analysis required under the Medicaid Act to consider the impacts of the budget cuts.

The cuts were contained in budget agreements over the past two years, but the ruling could also preclude the state from pursuing similar ways of addressing the current \$19.9 billion budget deficit. The Governor disagrees with the court's interpretation and requested that the U.S. Supreme Court review one of the cases. Governor Schwarzenegger also met with the state's congressional delegation, and suggested that they work to amend federal law to allow states more flexibility to cut payments.

- **Georgia AFP President Testifies Opposing Medicaid Cuts**

On February 25, the President of the Georgia Academy of Family Physicians, Leonard Reeves, MD, testified before the state's appropriations committees during a joint hearing on Medicaid. Outlining the GAFP's opposition to Medicaid cuts and the hospital tax, he said that physicians in the state have not received an increase in payment from Medicaid in over nine years. With 65 percent of the state chapter's members running practices with three or fewer physicians, many Georgia family physicians are small business owners—who each contribute more than \$1 million to the state economy annually—and he argued that with increasing costs, a decrease in pay would be even more difficult to bear. Dr. Reeves concluded his testimony by urging legislators to look for alternatives to cutting provider payments and taxing hospitals and to look for new revenue streams such as increasing the tobacco tax by an additional dollar.

7. STATE LEGISLATURES PASS HEALTH CARE BILLS

- **Virginia** Governor Bob McDonnell (R) recently signed a measure ([HB 554](#)) requiring small employers that provide health insurance coverage to offer continued coverage for employees who are involuntary terminated. The measure also requires those employers to extend COBRA coverage beyond the nine months currently required to any length of time specified by future amendments to the American Recovery and Reinvestment Act.
- In **Ohio**, Governor Ted Strickland (D) signed a bill ([HB 300](#)) also concerning COBRA, which will extend health insurance benefits to unemployed from 12 months to 15 months, or for as long as the federal government allows.
- The **Washington** state Legislature passed a bill ([SB 6522](#)), which will establish two accountable care organization pilot projects in the state by 2012. Once Governor Christine Gregoire (D) receives the bill, she has five days to sign or veto it or the legislation automatically becomes law.
- Convened for a special session to address the state's budget deficit, the **Nevada** legislature recently passed a measure ([SB 4](#)) that requires Medicaid beneficiaries to take medications on the preferred drug list, unless the physician prescribes another brand.

Legislators expect the bill will save the state \$760,000 per year. If enacted upon the signature of Governor Jim Gibbons (R), the legislation would expire June 30, 2011 allowing lawmakers to determine if cost-savings are as projected.