

March 20, 2009

IN THIS REPORT...

1. Congressional Hearings Examine Health Care Issues
2. Second White House Regional Forum Held in Burlington, Vermont
3. House Panel Passes Bill to Give FDA Authority Over Tobacco
4. State Government News
5. FamMedPAC Report
6. AAFP Connect for Reform
7. White House Appointments

Next Week in Washington...

Congressional Hearings

- > **House Energy and Commerce Subcommittee on Health will hold a hearing on health care work force on Tuesday, March 24.**
- > **Senate Finance Committee convenes a hearing on long term care on March 25.**
- > **Senate Health Education Labor and Pensions will convene a hearing March 24 on the topic of Health Insurance Market Reform.**
- > **Senate Commerce, Science, and Transportation will hold a committee hearing on Deceptive Health Insurance Practices on Thursday, March 26.**

1. CONGRESSIONAL COMMITTEES PROBE HEALTH CARE ISSUES

Both the House and Senate held hearings this week on various aspects of health care reform. The Senate focused on how payments to providers could be structured to purchase better health care quality. The House turned to questions of efficiency and control. In all three hearings, the committees included discussions of the role of primary care as a feature of the health care system that offered quality, efficiency and coordination.

Senate Finance Committee

On Wednesday, March 18, at a hearing of the Senate Finance Health Subcommittee, chairman Jay Rockefeller (D-WV) said the entire problem with our health system is the politicization of the reimbursement policies. He proposes funding MedPAC (or some similar organization) to do research and set payment rates for each provider in every part of the country. That, he said, will solve the payment problem if payment is linked to quality.

House Ways and Means Subcommittee on Health

The Health Subcommittee held a hearing on Tuesday, March 17, which featured Medicare Payment Advisory Commission (MedPAC) chairman, Glenn Hackbarth as the sole witness. Earlier this month, MedPAC sent Congress a report that recommended that hospitals, physicians, long term care hospitals, hospices, ambulatory surgical centers and dialysis centers should receive positive updates in 2010; that skilled nursing facilities and inpatient rehabilitation facilities should receive a flat update; and that home

health agencies and Medicare Advantage plans should receive negative updates. Inherent in the recommendations is a redistribution of payments to physicians and hospices. He emphasized that rebuilding primary care is essential for a strong, functioning and quality-oriented health system. The system should reward efficiency and coordination of care, particularly since most Medicare patients have one or more chronic conditions. MedPAC understands that changing a payment system is complex, controversial and involves redistribution. "But if we don't make this change – if we don't decrease costs and increase quality – the only alternative will be to increase taxes," Hackbarth said.

In response to a question, Chairman Hackbarth responded that primary care should receive an added payment (bonus) and that the Patient-centered Medical Home be subjected to an expedited pilot study. He also indicated that MedPAC has just initiated an analysis of graduate medical education but the commission is not ready to make recommendations as yet. He also described the accountable care organizations (ACOs) as an attempt to integrate primary care and hospitals. He was not able to describe how the dollars would flow or be controlled in an ACO or in a program where payment is bundled for an episode of care surrounding a hospitalization. Several committee members – e.g., Reps. Becerra (D-CA), McDermott, (D-WA), Berkely (D-NV), and Pomeroy (D-ND) – expressed support for primary care and the medical home.

At the outset of the hearing, Rep. Pete Stark (D-CA), who chairs the subcommittee, indicated that this year presents an opportunity for health reform but that many providers may not favor MedPAC's recommendations. The senior Republican member, Rep. Wally Herger (CA), acknowledged that Medicare underpays physicians and hospitals and is overpaying for some services (e.g., hospice, home health, imaging, and IME), and that there is some fraud and abuse. He suggested that because of cost-shifting, the privately insured are paying for all these inefficiencies.

House Energy and Commerce Health Subcommittee

On the same day, Health Subcommittee members from both sides of the aisle seemed to agree on support for community health centers and the need to provide the public with more information about medical prices. But on most other issues raised at the hearing on affordable health care, the two parties outlined sharp differences that could make for a contentious battle over health reform.

There is considerable partisan disagreement over the need to create a public health program that would compete with private insurers, the effectiveness of private insurance plans that participate in Medicare, the role that illegal immigrants play in driving up health care costs and whether a public plan could lead to rationing of health care by the federal government.

Rep. Joe Barton (R-TX) declared at the outset of the hearing that Republicans are interested in working in a bipartisan manner. "This isn't an issue where we're going to try to rope-a-dope the committee" and attempt to wear down the resistance from Democrats through a lengthy fight, said Rep. Barton. "We're prepared to work on something that is in the middle and can be done and maintain the private health care plans of America." Many of Rep. Barton's GOP colleagues raised concerns that a new government health plan option could lead to a single-payer government health system.

A witness invited by Republicans, Sally Pipes, president and CEO of Pacific Research Institute, said she opposed plans to increase "the role of government in our health care system through higher taxes, mandates and subsidies." She pointed to long waits for

patients in Canada, which has a government-run health system that controls prices — something that she said would be replicated in the United States if Congress adopted a public health care plan option. She likened a public option to “totally socialized health care” and “Medicaid for All.” Rep. Anna Eshoo (D-CA) took issue with Pipes’ comments saying, “This is not about the government taking health care over,” Eshoo said. “This is about government rewriting the rules because it isn’t working.”

Republicans came to the defense of Pipes saying a public plan option amounts to a government takeover of the health care system that could drive up costs for employers. Rep. Phil Gingrey, (R-GA), an OB-GYN physician, raised the specter that the government health plan would ration care. Witness Uwe Reinhardt, a Princeton University professor of political economics called the notion that health care decisions should not be based to some degree on expense and the need to share scarce resources among a wide group of people “romantic and silly.”

Democrats also emphasized that if a public plan were created, Americans would be able to choose whether or not to join the program. Former AAFP staffer Karen Pollitz, Research Professor, Georgetown University Health Policy Institute, stated that the following problems must be addressed in health reform: discrimination based on health status and risk selection; inadequate coverage; affordability challenges for low- and middle-income people; rising costs and lack of transparency and accountability.

Republicans also brought up the issue of illegal immigration, saying uncompensated care by providers to immigrants is a burden on the health care system. Most illegal immigrants work, noted Reinhardt. “We’ve let employers off the hook,” he said.

House Appropriations Labor-HHS Subcommittee

Jerry Kruse, MD, Professor and Chair of Family & Community Medicine at the SIU School of Medicine in Springfield, Illinois, testified on behalf of the Academic Family Medicine Advocacy Alliance on March 18 before the House Labor-HHS Appropriations Subcommittee. Dr. Kruse called for increased funding for key programs that work: Primary Care training under Title VII, and Primary Care Research at AHRQ and NIH.

2. SECOND WHITE HOUSE REGIONAL FORUM HELD IN BURLINGTON, VERMONT

Following the White House Forum on Health Reform, at which President Obama called on AAFP President Ted Epperly, MD, the Administration announced it would host a series of similar forums around the U.S. The second forum took place earlier this week in Burlington, Vermont on Tuesday, March 17, and was hosted by Governor Jim Douglas (R) of Vermont and Governor Deval Patrick (D) of Massachusetts.

Burlington, Vermont Forum Summary from Health Care for All Massachusetts

A Health Care For All team traveled to Burlington, Vermont on Tuesday to attend the White House Regional Forum on Health Care. Hosted by the University of Vermont, the event was moderated by Vermont Governor Douglas, Governor Patrick and Nancy-Ann DeParle, Director of the White House Office for Health Reform. Several hundred people attended the forum and a wide range of stakeholders were represented including individuals sharing their personal health care stories.

Governor Douglas highlighted creative initiatives in Vermont to improve the health of its residents by increasing the use of health IT, expanding insurance coverage and improving chronic disease management. Governor Douglas boasted that Vermont is ranked as the healthiest state in the nation. Governor Patrick highlighted the great

results achieved by Massachusetts health reform and addressed challenges. Patrick described our hybrid system as an alternative to maintaining the status quo or finding a “perfect solution.” Patrick added that the broad coalition formed to design health reform and ensure its successful implementation was key to our success in Massachusetts.

DeParle explained that the Regional Health Care Forums are a critical first step in achieving health reform. DeParle stated that health reform is an economic and moral imperative. The audience also heard televised remarks from President Obama. Obama emphasized that health reform is a top priority for his Administration. According to the President, the economic crisis has amplified the urgency for health reform, as we “can not wait another year”. He intends to make health reform an open, inclusive and transparent process, and hopes that stakeholders can work together to ensure that everyone has quality, affordable health care.

The audience then had the opportunity to voice frustrations with the dysfunction of our current health care system and discuss features that a more ideal health system would include. Audience members stressed the inextricable link between the economy and health care and the need to constrain health care costs while improving health care quality and outcomes.

Future forums will be held in
Monday, March 23 in Des Moines, Iowa [to be hosted by Iowa Governor Chet Culver (D)];
Tuesday, March 31 in Greensboro, North Carolina [hosted by North Carolina Governor Bev Perdue (D)]; and,
Monday, April 6 in Los Angeles, California [to be hosted by California Governor Arnold Schwarzenegger (R)]

3. HOUSE PANEL PASSES BILL TO GIVE FDA AUTHORITY OVER TOBACCO

On Wednesday, March 18, the House Oversight and Government Reform Committee approved by voice vote the *Family Smoking Prevention and Tobacco Control Act* (HR 1256), which would give the Food and Drug Administration authority to oversee the labeling and marketing of tobacco products. The bill also would allow FDA to place additional restrictions on sales and marketing of tobacco products to children. The bill would not allow FDA to ban cigarettes or the use of menthol as a flavored additive. Under the measure, tobacco manufacturers could not advertise cigarettes as “light” or “low tar.” The bill will be considered by the House of Representatives for consideration by early April.

4. STATE GOVERNMENT NEWS

Utah Governor Signs Four Health Reform Bills

Utah Gov. John Huntsman (R) on Wednesday signed into law four bills intended to serve as the state's basis for overhauling its health care system. The four bills evolved from discussions of a multi-stakeholder health reform task force convened by the state. The Utah Academy of Family Physicians was at the table and highly involved in those discussions.

The UT AFP felt that, despite concerns about certain elements of some bills (e.g., coverage limits in the “bare bones” insurance plans), overall this package was an important step in moving Utah to a patient-centered medical home system of care.

South Dakota Clean Indoor Air Act Signed into Law

South Dakota Governor Mike Rounds (R) signed a bill into law a bill to ban smoking in all public areas. Beginning July 1, the new law will ban smoking from all indoor areas, save for a limited number of hotel rooms, tobacco retailers and cigar bars.

Oklahoma House Passes Mandate-Free Insurance Bill Authored by Family Physician-Legislator

The Oklahoma House on Thursday voted 97-2 to approve a bill that would authorize the state's insurance commissioner to allow health insurance companies to offer low-cost, mandate-free coverage to residents younger than age 40. The author of the bill, state Rep. Doug Cox, MD (R), a family physician, said about 60 percent of the state's 600,000 uninsured residents are between ages 18 and 40 and the measure is designed to provide them with an affordable health coverage option. Oklahoma currently requires insurance companies to cover 36 procedures, including children's immunizations and prostate cancer screening, which some lawmakers say contribute to the high cost of health insurance.

5. FamMedPAC Report

So far this year, the PAC has received just under \$39,000 in contributions from 174 AFP members. A blast e-mail to all non-donors was sent at the end of February and an e-mail to all prior donors who have not yet contributed in 2009 is scheduled for the week of March 23.

Government Relations staff attended a healthcare lunch for **Rep. Diana DeGette (D-CO)**, who serves on the Health Subcommittee of the Energy and Commerce Committee. Rep. DeGette serves in the House Democratic Leadership as Chief Deputy Whip. Rep. DeGette expressed her happiness over the expansion of the Children's Health Insurance Program and with the President's removal of the ban on stem cell research. She has taken on the task of providing a permanent legal framework for that research. Staff thanked Rep. DeGette for introducing the Title VII reauthorization bill in the last Congress. She said she and Sen. Reed (D-RI) expect to reintroduce it this year.

GR staff attended a health care breakfast for **Rep. Charlie Rangel (D-NY)**, Chairman of House Ways and Means Committee. The chairman indicated he is very interested in pursuing health reform and would like the physician groups to offer specific proposals. He would hope the groups would be unified as in the past they have all been focusing on reimbursement and promoting their own specialty. He was delighted to hear that all specialty groups supported coverage for all. He would be interested in hearing reactions to the proposal of the federal government offering a public health care plan to compete with the private insurance market. He hinted that the public plan should not reimburse physicians less than Medicare. He also advised us not to worry about Medicare payment as "we are going to fix it permanently." He is concerned about workforce, especially primary care and believes that medical liability should be addressed as well. He offered to convene a meeting of physician groups to hash out the larger themes of health reform such as coverage and quality. The physician specialty groups are working with Rep. Rangel's staff to secure a meeting date and will meet beforehand to coordinate a unified message.

GR staff attended a healthcare breakfast for **Sen. Tom Harkin (D-IA)**, who serves on both the Appropriations and HELP Committees. Sen. Harkin spoke about his role leading the HELP Committee task force on prevention and public health promotion and indicated his optimism for the passage of health care reform. He spoke about his interest in food safety issues and the importance of promoting a healthy diet. Sen. Harkin said he knows that we have a shortage of primary care doctors and attendees thanked Sen. Harkin for the \$500 million for health workforce included in the stimulus package. Sen. Harkin spoke warmly about the medical home as being an important tool to promote wellness; however he did speak of a role for nurses in providing "basic primary care." He is certain that the Senate will not allow the 21 percent cut in Medicare physician payments but did not speak to rebasing or reducing payments for some specialists to hike primary care payments.

6. AAFP CONNECT FOR REFORM

AAFP launched its Connect for Reform (C4R) campaign March 18, with invitations to join sent via email to 79,564 AAFP members. The launch was quite successful with 1,224 respondents indicating a desire to join the campaign.

7. WHITE HOUSE APPOINTMENTS

Wakefield to Head HRSA

Rural health advocate Dr. Mary Wakefield has been tapped by President Obama to head the Health Resources and Services Administration (HRSA) under HHS. Wakefield is currently the director of the Center for Rural Health and the University of North Dakota. With a budget of about \$6.85 billion and roughly 1,400 employees, HRSA is tasked with improving the delivery of care to a patient population that is largely uninsured, isolated, or medically vulnerable. A nurse by training and the spouse of AAFP member Dr. Charles Christensen, Wakefield most recently was the associate dean for rural health at the UND School of Medicine. She has served as a member of the Medicare Payment Advisory Commission and the Veterans' Affairs Department's Special Medical Advisory Group. She also chaired the Institute of Medicine's Committee on Health Care quality for Rural America.

Blumenthal to Lead ONCHIT

A former Harvard Medical School professor who has advised Sen. Edward Kennedy (D-MA) will lead health information technology efforts for the Obama administration. Dr. David Blumenthal was also a senior adviser to President Obama's presidential campaign. As national coordinator for health information technology, Blumenthal will play a key role in determining how to spend \$19 billion devoted to medical technology in the economic stimulus bill that became law last month. Blumenthal most recently has been director of the Institute for Health Policy at The Massachusetts General Hospital/Partners HealthCare System. He worked on Kennedy's Senate staff in the late 1970s. He has done extensive research on health information technology issues.