

May 8, 2009

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1. PRESIDENT OBAMA CALLS FOR PRIMARY CARE MEDICINE TRAINING INCREASE

On May 7, President Barack Obama unveiled a detailed budget request that calls for generally level funding for agencies in the Department of Health and Human Services for FY 2010, which begins next October 1. In a refreshing break from his predecessors' budgets, the President included an increase for Title VII primary care medicine training from \$48.4 million in FY09 to \$56 million.

The budget projects that it would cost \$311 billion to prevent cuts and keep doctor payments level over the next ten years. It also outlines a new effort to fight fraud, which could reduce the cost of legislation to address the Medicare physician payment cuts. HHS Secretary Kathleen Sebelius said that the Administration is working actively with Congress on a Medicare physician payment solution. She acknowledged that Congress may be restricted to a two- or three-year fix, but made it clear that no one wants to see the scheduled cut implemented.

The Food and Drug Administration, which did not receive stimulus money, would get a \$367 million increase. The blueprint calls on Congress to allow the FDA to begin approving generic competitors to complex biotech drugs and allow the agency to assess a fee for the approval of generic drugs.

The Centers for Disease Control and Prevention, which received \$300 million in the stimulus law, would have its budget reduced from \$7.1 billion to \$6.8 billion, including the stimulus money. The budget calls for CDC to get \$156 million for pandemic flu.

Now, the Appropriations Committees must act to set the actual spending levels. A table detailing AAFP's priority budget lines follows.

Note: The *American Recovery and Reinvestment Act (ARRA)* included substantial increases for the NHSC and AHRQ. ARRA monies are available in fiscal years 2009 and 2010. ARRA funds may also be available to Title VII Section 747 Health Professions, but the level has not been announced.

(Amounts in thousands)	FY 2008	FY 2009 Omnibus	FY 2010 President's Request
Faculty loan repayment	1,266	1,266	1,266
Health Professions - Training for Diversity:			
Centers of excellence	12,773	20,602	25,000
Health careers opportunity program	9,825	19,133	22,000
Scholarships for disadvantaged students	45,842	45,842	53,000
Subtotal, Training for Diversity	69,706	85,577	100,000
Training in Primary Care Medicine and Dentistry	47,998	48,425	56,000
Interdisciplinary Community-Based Linkages:			
Area health education centers	28,180	32,540	32,540
Allied health and other disciplines	8,803	13,890	24,000
Geriatric programs	30,997	30,997	42,000
Subtotal, Interdisciplinary Community Linkages	67,980	77,427	98,000
Public Health Workforce Development	8,273	9,000	9,000
TITLE VII TOTAL	193,957	220,429	265,000
Rural Health Program	180,000	169,000	125,000
National Health Service Corps	123,477	135,000	169,000
Agency for Healthcare Research & Quality	334,564	372,053	372,053
CDC Chronic Disease & Health Promotion	833,827	882,000	896,000

2. SENATE FINANCE COMMITTEE DISCUSSES EXPANDING HEALTH CARE COVERAGE

In the second of its scheduled three roundtable discussions on health reform, the Senate Finance Committee questioned about 20 panelists on options for improving health care coverage in the U.S. Most of the discussion involved how to shape a public health plan option that would be available to those who otherwise could not afford health insurance. Some members, including Senator Debbie Stabenow (D-MI) and Sen. Robert Menendez (D-NJ), saw the public plan (or “consumer health plan”) as a way to make sure private health plans did not monopolize the market. Others, like Senator John Cornyn (R-TX) and Senator Pat Roberts (R-KS) expressed concerns about the public plan supplanting private health insurance altogether and eventually making the government the single payer for health care. Karen Ignangi, the CEO of the association of health insurance companies, AHIP, admitted that the health insurance industry had mishandled health reform and this time were committed to making sure that everyone had access to health insurance. She even called on Congress to regulate the industry more (rather than control it indirectly through a public plan).

3. HOUSE MAJORITY LEADER REVIEWS HEALTH REFORM ISSUES WITH PHYSICIANS

On Thursday, May 7, Rep. Steny Hoyer (D-MD), the Majority Leader of the House of Representatives, invited representatives of several physician groups, including AAFP, to meet with him to review how the House of Representatives will consider health reform. He noted that the House was currently debating energy legislation, and the committees with jurisdiction over

health care issues are meeting informally to review how they will handle health reform, which is next on the agenda. Rep. Hoyer has been charged by the Speaker to coordinate these three committees. He thought that the subcommittees would put together a single bill and divide it up by jurisdiction in June, with final committee actions completed by the Independence Day holiday. Then the House would debate the bill and finish its consideration before the August break. In terms of content, he was sure the bill would contain enhanced reimbursement for primary care and some version of a public health plan. He also described how the House will help resolve the impasse over the physician payment. He noted that the House leadership was committed to passing a bill that would require budget offsets for any legislation that would otherwise increase the federal deficit. In this bill, the House would rebase the Sustainable Growth Rate debt that has accumulated over the past 6 years and which creates substantial reductions in formula for physician payments. Taking this nearly \$200 billion item out of the SGR would make it much less expensive to revise or change the payment formula and find the funds for enhanced payment of primary care.

4. FamMedPAC PARTICIPATES IN EVENTS FOR KEY MEMBERS

Government Relations staff attended a health care lunch for the National Republican Senatorial Committee. NRSC Chair **Sen. John Cornyn (R-TX)** and Republican Whip **Sen. Jon Kyl (R-AZ)** attended. Sen. Cornyn called on the physician groups to pressure the Democrats to include medical liability reform in the health care bill and also questioned how "bundling" would work for physicians and hospitals. Sen. Kyl said he was optimistic that there would be a "prairie fire" of opposition to health reform. Not surprisingly, the specialty societies said that increasing payments to primary care would reduce reimbursements to other specialists, unless budget neutrality was waived.

GR staff attended a health care event for **Rep. Bruce Braley (D-IA)**, a new member of the Energy and Commerce Health Care Subcommittee. Rep. Braley said he feels strongly that Congress needs to tackle health care reform now. He acknowledged disappointment that the reimbursement issue was being "kicked down the road" for three more years and talked at length about how reimbursement is a key issue in getting physicians to practice in Iowa.

Dr. Jim King, AAFP Board Chair, and GR staff attended a dinner for **Rep. Frank Pallone (D-NJ)**, Chairman of the Energy and Commerce Health Care Subcommittee. Dr. King was the only physician in attendance. Rep. Pallone said that the House would stick to its time table of completing committee consideration of a health care reform bill in June and having the House pass it before the August recess. Rep. Pallone said he wanted to find "new money" to allow increased reimbursements for primary care services. Dr. King pointed out that the 5 percent increase for primary care in the Senate proposal was not enough to convince medical students to choose primary care and Rep. Pallone agreed. Pallone said that he would do his best to find a way to increase primary care payments. Rep. Pallone also said that the costliest item in the House bill would be Medicaid, due to both increases in reimbursements and an increase in the number of people eligible for the program.

On Thursday, May 7, Dr. King and GR staff participated in a meeting with **Senator Harry Reid (D-NV)**, the Senate Majority Leader. Senator Reid noted that he was deeply committed to making sure health reform legislation would include enhanced payment for primary care physicians. He noted that he heard from the physicians in his state and he understood the strong need for primary care. He predicted that the Senate, like the House, would try to complete a health reform bill before the August recess, allowing a conference committee to work over August and then have a final debate on a compromise bill in September or October.

5. KUHN, BERENSON NAMED TO MEDPAC

On May 8, the Government Accountability Office formally announced the new Medicare Payment Advisory Commission (MedPAC) Commissioners - Herb Kuhn and Bob Berenson. MedPAC Chair Glenn Hackbarth will stay on for another 3-year term, making him an exception to the normal 2-term limit.

6. STATE MEDICAL HOME LEGISLATION UPDATE

As of May 7, 110 bills in 32 states at least mention the term “medical home.” Some **29 bills in 17 states** go further and attempt to define the medical home and/or provide for a demonstration/pilot program to begin implementing, or expanding, the concept in their respective states. Four medical home bills in four states—Idaho, Nebraska, New Mexico and Washington—became law, while another bill in West Virginia was vetoed by the Governor.

For current bill status and text, visit AAFP’s state legislative tracking page at www.aafp.org/online/en/home/policy/state/statetrack.html.