

September 9, 2011

IN THIS REPORT...

1. Deficit Supercommittee Holds Organizational Meeting
2. AAFP Responds to Proposed 2012 Medicare Physician Fee Schedule
3. FamMedPAC Supports Key Members
4. Regulatory Briefs
5. House Appropriations Subcommittee Postpones Debate on HHS Spending
6. House Health Subcommittee Holds Hearing on Health Care Industry Consolidation
7. Children's Hospital GME, Autism Research Bills Win Senate Panel's Approval
8. Family Physician Appointed to Lead Health Reform in New Mexico

NEXT WEEK IN WASHINGTON...

* September 13 - Joint Select Deficit Reduction Committee holds a hearing on the history of debt.

1. SUPERCOMMITTEE HOLDS ORGANIZATIONAL MEETING

The Joint Select Committee on Deficit Reduction or “supercommittee” met on September 8 to begin the process of identifying proposals to reduce the federal deficit by between \$1.2 and \$1.5 trillion over the next 10 years. The 12-member, bipartisan, bicameral committee has a broad mandate to pass a plan which would then be considered under expedited procedures. If a simple majority of the supercommittee is able to draft a plan by November 23, Congress will have until December 23 to pass it. If the supercommittee fails to produce a plan or if Congress fails to pass it, across-the-board spending cuts would be automatically triggered for defense and domestic programs including Medicare starting January 1, 2013. The supercommittee will hold its first public hearing on September 13 with the Congressional Budget Office director testifying on the history and character of the nation's debt.

AAFP chapters, staff, members and leaders have contacted supercommittee legislators and staff to urge them to include a provision to permanently reform the Medicare physician payment system and prevent the 29.5 percent cut from taking effect on January 1, 2012.

2. AAFP COMMENTS ON 2012 PROPOSED MEDICARE PHYSICIAN PAYMENT RULE

In a [letter](#) sent August 29, the AAFP provided extensive comments to the Centers for Medicare & Medicaid Services (CMS) regarding the 2012 [proposed](#) Medicare physician fee schedule. To improve the final 2012 Medicare physician fee schedule regulation, which is expected to be released in the fall, the AAFP offered detailed recommendations. Key recommendations included urging that CMS:

- Establish a more timely review of misvalued services, even though the AAFP is encouraged that the agency has included evaluation and management services in its ongoing efforts to identify, review, and validate potentially misvalued codes.

- Continue sending an observer to the AAFP- created task force to determine how to pay primary care appropriately. In the meantime, we believe that it would not be productive to ask the RUC to revalue evaluation and management services under the same structure, procedures, and methodology that it used to establish the current values.
- Not add a required health risk assessment (HRA) to the annual wellness visits (AWV) provided in 2012, until the Centers for Disease Control and Prevention (CDC) issues explicit guidance on the content of an HRA and CMS determines acceptable alternative formats for HRAs for various patient groups or populations.
- Validate currently assigned physician work and time values based on a valid documentation sample.
- Consolidate the formal five-year review of work and practice expense with the annual review of potentially misvalued codes
- Finalize the proposal to extend the multiple procedure payment reduction (MPPR) to the professional component of advanced diagnostic imaging services (i.e., CT, MRI, and ultrasound) beginning in 2012 but continue further studies and discussion before CMS considers any proposal to extend the MPPR to the technical component of all diagnostic tests.
- Wait for the Institute of Medicine to finish its study on Geographic Practice Cost Indices values before prematurely finalizing these proposed changes.
- Finalize the decision to add smoking cessation to the list of approved telehealth services.
- Continue offering as many Physician Quality Reporting System (PQRS) reporting options and timeframes as possible to facilitate successful participation by small to medium sized groups.
- Significantly accelerate the requirement definition and review process for qualifying PQRS registries and take some level of responsibility and hold vendors accountable for successful data submission.
- Minimize administrative burdens if CMS finalizes a proposal to require family physicians and other specified physicians to report on PQRS core measures focusing on cardiovascular conditions and to only use measures that possess National Quality Forum endorsement.
- Provide more timely access to PQRS feedback reports.
- Not base the 2015 PQRS penalty on 2013 performance.
- Not prematurely create a “physician compare” website when standardized metrics for items like assessment of safety, effectiveness and timeliness of care, and assessment of continuity and coordination of care do not yet exist.
- Not prematurely scale up efforts with Phase III of the Physician Resource Use and Measurement Reporting Program when underlying problems with Phase I and II reports have not been satisfactorily addressed.
- Not require family medicine practices that are wholly owned or wholly operated by a hospital to hold Medicare claims for at least three days before submitting them in order to determine or have the hospital inform them if a patient had a clinically related inpatient admission.

3. FamMedPAC SUPPORTS KEY MEMBERS IN WASHINGTON AND LOCALLY

FamMedPAC sponsored several events at the end of August and the first week of September. The PAC also sent several checks to AAFP members so they could present the donations in locally. The main topics of conversation were the Medicare physician payment formula, GME, Title VII and the new Deficit Reduction Committee.

The PAC supported the following Congressional legislators:

- **Rep. Chris Van Hollen (D-MD)**, the senior Democratic member of the House Budget Committee and a member of the Joint Select Committee on Deficit Reduction.
- **Rep. Xavier Becerra (D-CA)**, who serves on the House Ways and Means Committee and also is one of the members of the Joint Select Committee on Deficit Reduction.
- **Rep. Earl Blumenauer (D-OR)**, who serves on the House Ways and Means Committee
- **Del. Donna Christensen (D-VI)**, a family physician and member of AAFP.

- **Rep. Steve Stivers (R-OH)**, a first-year legislator who AAFP supported in his first campaign.
- **Sen. Ben Cardin (D-MD)**, who serves on the Senate Finance Committee. Meghana Desale, the Medical Student Director on the MD-AFP Board, and Dr. Mozella Williams, also a MD-AFP Board Member, met with Sen. Cardin in Baltimore to deliver the campaign contribution.
- **Rep. Jessie Jackson, Jr. (D-IL)**, a member of the Appropriations Committee. Javette Orgain, MD, MPH, the Past President of the Illinois AFP; Ginnie Flynn, Vice President of Communications, Illinois AFP; and Vince Keenan, Executive Vice President, Illinois AFP, met with Rep. Jackson and his chief of staff and delivered the campaign contribution.
- **Rep. Sue Myrick (R-NC)**, a member of the House Energy and Commerce Committee. Dr. May Hall and Peter Graber, Director of Communications for the NC-AFP, met with Rep. Myrick in Charlotte and delivered the campaign contribution.
- **Rep. Cathy McMorris-Rodgers (R-WA)** a member of the House Energy and Commerce Subcommittee on Health.

4. REGULATORY BRIEFS

- On August 31, HHS awarded \$40 million to state, tribal, local and territorial health departments and several schools of public health to boost the public health infrastructure and prepare tomorrow's public health workforce. Available online is a full [list](#) of grantees.
- On September 1, as called for in the *Affordable Care Act*, a state-federal review process is initiated whenever a health insurer increases rates by 10 percent or more. The intent of the rate review program is to bring greater transparency, accountability, and lower costs for those struggling to afford coverage. Now insurers proposing double digit increases must provide justification. Beginning in mid-September, [HealthCare.gov](#) will include information explaining proposed increases that are 10 percent or higher than last year's rates. HHS also made available more information on the [announcement](#) and on [state achievements](#) with rate review.
- On September 2, HHS [announced](#) \$11.9 million in funds to rural health networks to assist in the adoption of health information technology and electronic health records.
- On September 7, CMS [announced](#) new guidance supporting enforcement of rules that protect hospital patients' right to choose their visitors during a hospital stay, including a visitor who is a same-sex domestic partner. These rules apply to all hospitals that participate in Medicare and Medicaid and allow patients to designate the person of their choice, including a same-sex partner, to make medical decisions on their behalf should they become incapacitated. The AAFP [supported](#) this policy when it was originally proposed.
- On September 7, the Attorney General and HHS [announced](#) filing charges against 91 individuals responsible for approximately \$295 million in false billing. More on these efforts can be found at [www.stopmedicarefraud.gov](#).
- On September 8, HHS made another [announcement](#) on Medicare beneficiary utilization of preventive services. So far 18.9 million patients have used a preventive service in 2011 and 1.3 million Medicare beneficiaries who have entered the prescription drug donut hole received a 50-percent discount. On August 4, HHS made a similar [announcement](#) indicating, at that time, that 17 million Medicare patients had received preventive services and 900,000 had hit the prescription drug donut hole.
- On September 13 from 1:30 pm – 3:00 pm ET, CMS will conduct a free call on the Physician Quality Reporting System & Electronic Prescribing Incentive Program. [Registration](#) is required.

5. APPROPRIATIONS ACTION POSTPONED IN HOUSE, PROCEEDS IN SENATE

The current fiscal year concludes on September 30, but neither chamber has considered a bill to fund the Department of Health and Human Services in FY 2012. The House subcommittee

scheduled its consideration of a health spending bill for Friday but then postponed debate indefinitely. The full Senate Appropriations Committee met on September 7 and set an allocation for the Labor-HHS-Education spending bill of \$157.134 billion, which is about \$300 million less than FY2011.

House Majority Leader Rep. Eric Cantor (R-VA) said the House will vote on a stopgap spending measure or continuing resolution (CR), the week of September 19 to keep the government funded through “late fall” possibly to coincide with the activities of the supercommittee.

6. SUBCOMMITTEE HOLDS HEARING ON HEALTH CARE INDUSTRY CONSOLIDATION

On Friday, September 9, the House Ways and Means Health Subcommittee held a hearing to examine how mergers and acquisitions in the health care sector affect private health insurance costs, Medicare spending, and beneficiary costs. The subcommittee heard from several health care economists.

Subcommittee Chairman, Rep. Wally Herger (R-CA) opened the hearing by pointing to a 2010 report conducted by the *Sacramento Bee* which found that one California hospital system’s large market share has allowed them to obtain “reimbursement rates with ‘markups’ more than double what it costs them to provide services.” He expressed his concern that consolidation “enables providers to receive higher Medicare reimbursements by simply changing their designation on paper. While this increases provider revenue, it results in higher costs for beneficiaries and an increased burden on taxpayers with no discernable community benefit.”

Rep. Bill Pascrell (D-NJ) called for the repeal of the *McCarren-Ferguson Act*, the federal law that exempts the business of insurance from most federal regulation including antitrust.

7. CHILDREN’S HOSPITAL GME, AUTISM RESEARCH BILLS WIN PANEL’S APPROVAL

On September 7, the Senate Health, Education, Labor and Pensions Committee approved, by separate voice votes, two health-related bills. The first, *Combating Autism Reauthorization Act* (S 1094), would reauthorize autism research. The second, the *Children’s Hospital GME Support Reauthorization Act* (S 958), would extend children’s hospital graduate medical education programs through FY 2016. The CHGME authority is set to expire at the end of FY 2012.

8. FAMILY PHYSICIAN APPOINTED TO LEAD HEALTH REFORM IN NEW MEXICO

New Mexico Governor Susana Martinez (R) appointed family physician Dan Derksen, MD as Director of the Office of Healthcare Reform within the Department of Human Services. The office is charged with overseeing the state’s implementation of the *Affordable Care Act*. Among the immediate tasks facing Dr. Derksen are establishment of the NM Health Insurance Exchange and submission of the state’s establishment grant request; modernization of the state’s Medicaid system to handle the ACA’s increased enrollment; updating the eligibility and enrollment system; enhancing the state’s health information exchange; assisting providers achieve meaningful use of HER; and, assuring an adequate health workforce to meet the increased demand on the health system.

Dr. Derksen is a member of the AAFP Commission on Governmental Advocacy, co-chair of legislative affairs for the New Mexico Academy of Family Physicians and past president of the New Mexico Medical Society.