

September 18, 2009

## IN THIS REPORT...

1. Senate Finance Committee Chair Presents Draft of *America's Healthy Future Act*
2. HHS Announces Advanced Primary Care Demonstration Project
3. AAFP Key Contacts Meet with Legislators on Health Reform
4. FamMedPAC's Event with Rep. Patrick Kennedy (D-RI)
5. Pennsylvania Legislature May Use Medical Liability Fund
6. President Directs HHS to Encourage Medical Liability System Alternatives
7. House, Senate Judiciary Chairs Introduce Insurance Antitrust Bills

### NEXT WEEK IN WASHINGTON...

- \* Senate Finance Committee will begin debate on the Chairman's health reform proposal, *America's Healthy Future Act*.
- \* House Energy & Commerce Committee begins debate on remaining amendments to the committee's health reform bill.

## 1. SENATE FINANCE COMMITTEE CHAIRMAN RELEASES HEALTH REFORM BILL

Senate Finance Committee Chair Max Baucus (D-MT) on Wednesday, September 16 released his highly anticipated health reform bill, the *America's Healthy Future Act*. In spite of the Senator's efforts to win bipartisan support, Republicans unanimously rejected it. Even his Democratic colleagues were not unanimously in support of it, and Sen. Jay Rockefeller (D-WV) threatened that he would not vote for a bill without a public health insurance option.

The Baucus bill would mandate that all Americans have health insurance and prohibit insurers from denying coverage based on pre-existing conditions. The bill calls for the creation of nonprofit, member-owned cooperatives instead of a government-run insurance plan to compete with private carriers. The Congressional Budget Office's preliminary estimate projected that the this health reform bill would result in coverage for 94 percent of all non-elderly U.S. residents and cost \$774 billion over a decade.

The AAFP issued a statement acknowledging that the *America's Healthy Future Act* seeks to provide Americans with access to affordable care and to establish a solid foundation of primary care. The statement indicates that AAFP "looks forward to working with the Senate on these and additional features of health system reform — such as finding a permanent solution to the formula by which Medicare pays physicians and permitting additional medical liability reforms — as this legislation moves forward." A more detailed response will be issued next week.

## 2. HHS ANNOUNCES PATIENT-CENTERED MEDICARE DEMONSTRATION PILOT

AAFP was invited by the White House to a patient-centered medical home event on September 16. Nancy-Ann DeParle, Director of the White House Office of Health Reform, HHS Secretary Kathleen Sebelius, Governor Jim Douglas (R-VT) jointly announced an important demonstration pilot to promote "Advanced Primary Care."

Secretary Sebelius credited Governor Douglas with having “a good idea” which won the approval of HHS to allow Medicare to join Medicaid and other providers to implement integrated, patient-centered care. Under what Governor Douglas described as the “Blueprint” primary care physicians will be paid higher fees for providing quality care rather than paying more for increased volume.

They also took the opportunity to promote the President’s health reform effort. The Secretary quoted President Reagan’s statement that status quo “is Latin for the mess we’re in” and called for prompt action on health reform. She noted, as an indication that Congress must act on health reform, that the Kaiser Family Foundation announced that health care premiums will increase next year along with co-pays and deductibles.

### **3. GRASSROOTS HEALTH REFORM ACTIVITIES CONTINUE**

Drs. Jim King, AAFP Board Chair, and Patrick McCarville were in DC on Thursday, September 17 for Congressional visits on health reform. They made an effective presentation of our positions to Dr. McCarville’s U.S. Representative, **Rep. Lee Terry (R-NE)**, by pointing out the importance of health reform which supports primary care and the need to increase primary care payment in order to expand the workforce. Rep. Terry agrees that Americans should have coverage but opposes any mandates or increased government spending.

In a meeting with **Sen. Ben Nelson (D-NE)**, the Senator acknowledged the need for more primary care physicians and pointed to his bill to expand federal tax relief for medical student debt repayment.

Drs. King and McCarville also met with the health legislative aides to both of the **Republican Senators from Tennessee, Bob Corker and Lamar Alexander**. The aides identified several major obstacles contained in the Senate Finance Committee Chairman’s bill including: taxes on businesses; fiscal effects on states of Medicaid expansion; Medicare cuts funding a new entitlement (e.g., insurance subsidies); and mandates on individuals to purchase health insurance. The senators believe the SGR should be dealt with more thoroughly in the bill. They believe the Finance Committee will spend only 2 to 3 days on its debate.

Dr. King met the health legislative assistant to **Rep. Bart Gordon (D-TN)**, who voted against HR 3200 in the Energy and Commerce Committee. He thanked Rep. Gordon for successfully including a provision on medical liability in the bill. He appreciated the President’s announcement which reflects his amendment and encouraged that the Baucus bill would give private insurance reform a central role and cover 94 percent of the population. Rep. Gordon would prefer co-ops be regional or national so that CBO will count them as savings to the federal budget.

**Rep. John Tanner (D-TN)** voted against HR 3200 in the Ways and Means Committee debate, but his health staffer is optimistic that a health reform bill will be enacted by early next year.

The final meeting of the day was with **Rep. Rick Boucher (D-VA)** who posed a number of thoughtful questions to Dr. King. In his first, he wondered if we will have sufficient primary care workforce to care for the uninsured if they are provided coverage. Dr. King responded that family physicians are already taking care of them; the Patient-Centered Medical Home (PCMH) and coordinated care will increase efficiency and effectiveness.

Rep. Boucher expressed his opposition to the public option, which he sees as a threat to private insurers that will lead to a single-payer system. He also is concerned about reductions in Medicare because he does not believe it possible to cut \$500 billion from the program without rationing.

Lastly, he was interested in the PCMH. He is not convinced that it can work. We shared examples of its effectiveness including the initiatives cited in the summary produced by Dr. Grumbach for the Primary Care Patient Centered Collaborative.

#### **4. FAMMEDPAC WORKS TO SUPPORT FAMILY MEDICINE EDUCATION**

The Family Medicine Political Action Committee focused this week on a legislator who is an important supporter of funding for Title VII, Health Professions Grants and of assuring parity for mental health and substance abuse services in health reform: **Rep. Patrick Kennedy (D-RI)**, who serves on the Labor-HHS Appropriations Subcommittee.

At a DC PAC event, Rep. Kennedy said that he admired the RI family physicians and suggested that AAFP might be able to help him get a "white coat" group together on mental health issues. Rep. Kennedy talked about his family legacy and his father's career, illness and funeral. The Senator took young Patrick around to hearings in the '70s on health care and taught him about the need for a social mission in life. Rep. Kennedy also said that coming back to DC last summer to vote on the Medicare bill took a real toll. The Senator suffered from a pulmonary embolism from that trip which he said was not widely known.

#### **5. PENNSYLVANIA MAY BALANCE BUDGET THROUGH LIABILITY FUND RAID**

As has every state legislature save two during this recession, the Pennsylvania General Assembly is looking for ways to close a substantial—over \$4 billion—budget gap. A budget being hammered out right now in the General Assembly could threaten the medical liability climate in the state. Under the proposal, more than \$100 million of the surplus balance in the Mcare Fund—the state's medical liability fund—would help fill the budget gap. The surplus exists because physicians and have paid excess Mcare assessments to ensure a stable practice environment. This reallocation is on top of the already agreed upon taking of over \$700 million in the Health Care Provider Retention Account to balance the budget.

The Pennsylvania Academy of Family Physicians is fighting the Mcare Fund raid and asking their members to contact State House and State Senate legislators on this issue. A message urging them to act was sent through Speak Out to all Keystone State family physicians.

#### **6. HHS ANNOUNCES GRANTS TO IMPROVE SAFETY, CUT DEFENSIVE MEDICINE**

Following up on a pledge to the joint session of Congress last week, President Obama on Thursday, September 17 directed the HHS Secretary to issue grants to states for experiments in reducing medical malpractice and the resulting lawsuits. HHS will give out \$25 million in grants to states and hospital systems for projects to improve patient safety and reduce frivolous lawsuits against physicians. HHS Secretary Kathleen Sebelius said physicians practice expensive defensive medicine because they fear being sued by patients. Additional information is on the web: <http://www.healthreform.gov/newsroom/factsheet/medicalliability.html>

#### **7. HOUSE, SENATE JUDICIARY TO ADDRESS INSURANCE ANTITRUST LAWS**

The chairmen of the Judiciary Committees in both chambers introduced legislation Thursday to repeal health and medical malpractice insurers' exemption from federal antitrust laws. The bills, (S. 1681 and HR 3596), sponsored by Senator Patrick J. Leahy (D-VT) and Rep. John Conyers Jr. (D-MI), would subject health insurers to antitrust regulation by the Department of Justice and the Federal Trade Commission. Both Chairmen said their measures would help make the health insurance industry more competitive and potentially drive down costs by ensuring that health and medical malpractice insurance issuers cannot engage in price fixing, bid rigging, or market allocations to the detriment of competition and consumers.