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NEXT WEEK IN WASHINGTON...

- * Senate Finance Committee votes Tuesday on passage of health reform bill.
- * Senate leaders work to merge HELP and Finance bills
- * House may introduce a single bill for floor consideration.

1. SENATE FINANCE COMMITTEE COMPLETES HEALTH BILL AMENDMENT PROCESS

After 2 weeks of meetings to debate approximately 125 of the more than 560 proposed amendments to the *America's Health Futures Act*, the Senate Finance Committee members early Friday morning wrapped up work on their health reform measure. The Committee's chairman, Senator Max Baucus (D-MT) has announced that the final Committee vote on the bill is expected next Tuesday, October 6, after the Congressional Budget Office releases the preliminary estimates of the budgetary impact of the bill.

Public Plan Option

The committee voted 15-8 against an amendment by Sen. Jay Rockefeller (D-WV) to add a public insurance option to the \$900 billion health care reform package. The Consumer Choice Health Plan (CCHP) would be available to all individuals and businesses purchasing health insurance through the national health insurance exchange. It would use Medicare payment rates for at least 2 years and physicians who participated in Medicare would be considered participating in the CCHP unless they specifically opted out. Five committee Democrats joined all 10 Republicans in voting no. The Democrats voting against the Rockefeller amendment included Baucus and Senators Tom Carper (DE), Kent Conrad (ND), Blanche Lincoln (AR) and Bill Nelson (FL).

The panel immediately moved to consider a second public insurance option amendment offered by Senator Charles Schumer (D-NY). Although largely similar to the Rockefeller measure, Schumer's amendment would require a government-run insurance option, within an exchange, but with reimbursement rates negotiated between plan administrators and providers. Under this amendment, physicians and hospitals would be able to voluntarily opt in to participate in the public option plan. This amendment was defeated by a vote of 10 to 13. All committee Republicans voted in opposition and were joined by Democrats Baucus, Conrad, and Lincoln.

On the final day of committee debate, Senator Maria Cantwell (D-WA) offered an amendment that would allow states to create a basic health plan to cover residents who earned between 133 and 200 percent of the federal poverty level. If a state chose to create such a plan, it would be allowed to use the low-income subsidies designated for this population to purchase health coverage on behalf of these lower-income residents. Senator Jon Kyl (R-AZ) expressed concern about whether such a state-based option would affect the general risk pool, effectively increasing premiums for those with higher incomes. The amendment passed on a largely party-line vote of 12 to 11, with Sen. Lincoln voting with the committee Republicans.

Comparative Effectiveness Research

The committee also defeated two amendments that would have limited the federal government's use of information produced by comparative effectiveness research (CER). Senators Pat Roberts (R-KS) and Kyl offered amendments that would ensure that federal government entities could not use CER data to make coverage decisions and ultimately ration the delivery of health care services. Sen. Baucus insisted that the focus of the language in his draft bill was only on clinical outcomes, not on treatment cost issues. The Kyl amendment was defeated along party lines, but Senator Olympia Snowe (R-ME) voted with Democrats to defeat the Roberts amendment.

Geographic Disparities

Senator Charles Grassley (R-IA) offered an amendment that would authorize the HHS Secretary to correct geographic disparities in Medicare provider reimbursements that was approved by a vote of 23 to 0. Current Medicare payment policies negatively impact providers practicing in rural areas. The amendment would increase rural providers' payments but not at the expense of providers in urban and suburban areas of the country. Senator Grassley previously had offered the amendment last week but withdrew it to work out a bipartisan agreement.

Abortion Funding

Senator Orrin Hatch (R-UT) offered an amendment that would codify the Hyde amendment and would prohibit authorized or appropriated federal funds under the Mark from being used for elective abortions and plans that covered such provisions. Chairman Baucus stated that the draft bill already prohibited federal funding to be used for abortions and that private funds to cover abortions must be separated from federal funds. Sen. Hatch reported that many pro-choice advocates agree that tax payer money should not be used for abortions. The amendment failed on a roll call vote of 13-10.

Sen. Hatch also offered an amendment that would protect providers who object to abortion and respect their right of conscience. He pointed out that this amendment was adopted in the House Committee on Energy and Commerce by a voice vote. Chairman Baucus explained that the bill extends the conscience clause to private insurers. The amendment failed by a vote of 10-13.

Patient Identification

Sen. Grassley (R-IA) offered an amendment that would require individuals to present a photo ID in order to apply for Medicaid benefits. Senator Robert Menendez (D-NJ) stated that this amendment created new barriers for children and low income individuals who were seeking Medicaid coverage. The amendment failed on a vote of 10-13.

Deductibility of Medical Care

Sen. Nelson offered an amendment that to prevent a taxation of retiree health benefits. The amendment would allow individuals 65 and older to claim Section 213 deductions if their medical expenses exceeded 7.5 percent of the adjusted gross income (AGI). The revenue offset is closing corporate tax loopholes and also would make non-deductible the free rider for

employees. Sen. Grassley agreed that seniors should be protected; however, he did not want this tax to fall on the middle class. The amendment was agreed to by a vote of 14-9.

Sen. Kyl offered an amendment that would expand the deduction for catastrophic medical expenses. Under current law, individuals may itemize catastrophic medical expenses if they exceed 7.5 percent of AGI. This amendment would reduce that threshold to 5 percent. The offset would be tied to the tax credit for the lowest cost plan. Chairman Baucus stated that the offset would take money from low-income individuals and give it to the middle class. The amendment failed on a vote of 9 to 13.

Fee on Health Insurance Providers

Sen. Grassley offered an amendment to prevent fees being imposed on the health insurance industry from being passed onto health care consumers in the form of higher insurance premiums. Title VI of the draft bill imposes a fee, in the form of a nondeductible excise tax, of \$60 billion on health insurance providers that sell health insurance policies to individuals and employees. The fee would be apportioned among all health insurance providers subject to the fee based on the market share of that provider. This amendment would strike the fee on health insurance providers contained in the Chairman's draft. This amendment would be fully offset by a corresponding reduction in unspent and unallocated mandatory spending that falls within the jurisdiction of the Senate Committee on Finance from the *American Recovery and Reinvestment Act*. The amendment failed 10 -13.

Medicare Commission

Senator John Cornyn (R-TX) offered an amendment that would prohibit the Medicare Commission from presenting proposals that would result in reduced payments to primary care practitioners. The amendment failed on a roll call vote of 9 to 14.

Sen. Rockefeller offered an amendment that attempted to include hospitals under the Medicare Commission; however, decisions made to reduce costs in that industry would be non-binding, unlike with other groups. The amendment was adopted on a party-line vote.

Wellness Programs

Sens. Ensign and Carper offered an amendment to enhance existing regulations to encourage individuals to adopt healthy behaviors through voluntary participation in programs of health promotion and disease prevention. The amendment modified the sections of the draft bill relating to rating rules in the individual market and small group markets by allowing group health plans and health insurance issuers offering coverage in these markets to vary insurance premiums based on an individual or an employee's participation in wellness programs. The language defines programs of health promotion of disease prevention to meet certain requirements and to assure that none of the conditions are based on health status factors. Sen. Ensign argued that behaviors, such as obesity and smoking, could be addressed in this manner. The amendment was agreed to by a vote of 18 to 4.

Medicaid Personal Responsibility Agreement

Sen. Cornyn offered an amendment that would encourage personal responsibility for all Americans. The draft bill exempts Medicaid beneficiaries from the personal responsibility requirement. This amendment would require certain non-elderly, non-pregnant Medicaid beneficiaries to sign a state-designed personal responsibility or "member" agreement. Sen. Bingaman opposed the amendment and described it as demeaning to Medicaid beneficiaries. The amendment failed by a vote of 9 to 14.

Teaching Health Centers

Senator Michael Enzi (R-WY) offered an amendment to strike the provisions in Sen. Bingaman's amendment on "Teaching Health Centers" because it was under the HELP Committee's jurisdiction. Chairman Baucus explained that they had gotten the approval from the HELP Chairman to add this language. The amendment was withdrawn.

Resource Outlier Penalty

Sen. Kyl offered an amendment that would strike the following provision related to the Physician Feedback Program: "Beginning in 2015, payment would be reduced by five percent if an aggregation of the physician's resource use is at or above the 90th percentile of national utilization. After five years, the Secretary would have the authority to convert the 90th percentile threshold for payment reductions to a standard measure of utilization, such as deviation from the national mean." The amendment failed by a vote of 10 to 13.

Affordability

Sens. Schumer and Snowe offered an amendment that would exempt individuals from the mandate if their insurance costs would be greater than 8 percent of their annual income. The original bill specified 10 percent. The amendment also phased in the penalties over time. The amendment passed by a vote of 22-1, with only Sen. Kyl voting "no."

2. PROGRESS CONTINUES ON HEALTH REFORM IN THE HOUSE

On Tuesday, September 29, House Majority Leader, Rep. Steny Hoyer (D-MD) said a healthcare bill would be ready for lawmakers to review at some point in October, but he suggested the measure might not reach the floor until November. Hoyer hedged when asked if the bill would be on the floor in October. However, he added that he and Speaker Pelosi were in "lockstep" agreement that a bill will not be sent to the floor until it is ready and would not commit to a specific timetable.

3. SENATE SPECIAL AGING COMMITTEE HOLDS HEALTH HEARING

Sen. Herb Kohl (D-WI) convened the Senate Special Aging Committee on September 30 to examine how successful health systems keep costs low and quality high. The main focus of the hearing was a comparison of the US health system to that of other countries, especially those that are members of Organization for Economic Cooperation and Development (OECD).

Highlights included:

- Americans see doctors less but undergo more diagnostic tests and more surgeries (procedures driven by physician judgment) than in other countries.
- Canadians are highly satisfied with their system and the US ranks 10th out of 10 in this metric.
- The US payment system rewards volume over value; does not value or emphasize primary care (the use of PCMH is more common in other countries); other OECD countries embrace health information technology even for small practices (e.g., in the US insurance cards are photocopied—in Europe it is swiped); abroad, comparative effectiveness information is used to benchmark and track performances and a robust feedback system is employed; high administrative costs in US practices simply do not exist in medical practices in other countries.

Several of the panelists stressed the need for payment system changes such as the PCMH, accountable care organizations, bundled payment, integrated practice models, and incentivizing hospitals to do a better job of transitioning patients. Some said doctors should be paid differently (e.g., for keeping patients well, virtual visits, blended payment for primary care,

abandonment of fee-for-service), and that there should be more price transparency. The need for more primary care physicians also frequently was stressed.

4. SHORT-TERM SPENDING BILL CLEARED BY THE SENATE

On the eve of the federal fiscal year, the Senate cleared a stopgap spending measure to prevent a government shutdown. The Senate, by a vote of 62-38, adopted a continuing resolution, which will keep the government funded through October 31. The House passed the measure, 217-190, on September 25. The bill now goes to President Obama for his signature.

5. FamMedPAC CONTINUES TO SUPPORT ADVOCACY EFFORTS

FamMedPAC has made over 100 contributions since the first of the year, for a total of \$270,500. Contributions total \$197,000 to 62 Democrats and \$73,500 to 26 Republicans.

Since the beginning of the year, the PAC has received \$243,756 in contributions from 841 AAFP members. The PAC currently is conducting a phone solicitation campaign contacting all prior donors who have not yet contributed in 2009.

The PAC will have a booth at the Congress of Delegates meeting, will be part of the Government Relations Booth at Assembly, and will be holding a reception in Boston during Scientific Assembly for all contributors to the PAC at the Club George level and above.

6. GRASSROOTS READY FOR CONGRESS OF DELEGATES, SCIENTIFIC ASSEMBLY

The [Connect for Reform](#) campaign is hitting the road and will be in Boston for the 2009 Congress of Delegates and Scientific Assembly. Attendees will be provided with opportunities to call and write their federal legislators from Boston as health reform is debated and voted on in Washington. We will urge participants to stop by booth #2345 to “get connected.”