

February 27, 2009

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The Week Ahead in Washington...

Congress will begin work on the federal budget for FY 2010 next week. The House Ways and Means Committee will hold a hearing on the President's budget proposals on Tuesday. The next day, the Senate Finance Committee takes its turn. Meanwhile, the White House will host a health care summit on Monday to review proposals to improve health care access, efficiency and quality.

1. FY 2010 FEDERAL BUDGET OUTLINE RELEASED

President Obama issued his fiscal year 2010 budget outline, *A New Era of Responsibility: Renewing America's Promise*, on February 26. The outline assumes that the automatic SGR cuts to physician payments will not be implemented and calls for reforms toward a system in which doctors face better incentives for high-quality care rather than simply more care. The budget sets out a reserve fund as down payment toward the goal of covering the uninsured. A summary is attached.

2. HOUSE APPROVES SPENDING BILL FOR THE REST OF FISCAL YEAR

On February 25, the House approved legislation for spending \$410 billion to finish the appropriations process for fiscal year 2009, which began last October. The bill passed by a largely party-line vote of 245 to 178. It increases by less than one percent the Health Professions Grants (Title VII) for Primary Care Medicine and Dentistry to \$48.4 million. The bill now goes to the Senate which should finish work on it next week. The government continues to operate under a stop-gap spending bill which expires March 6.

3. WHITE HOUSE ANNOUNCES NEW HRSA ADMINISTRATOR

On February 20, President Obama appointed Mary Wakefield, PhD, RN, FAAN, to be Administrator of the Health Resources and Services Administration (HRSA). Dr. Wakefield was most recently the Associate Dean for Rural Health at the University of North Dakota School of Medicine and Health Sciences, where she was a tenured professor and director of the Center for Rural Health. She has served on the Medicare Payment Advisory Commission (MedPAC). She received her M.S. in nursing and her Doctor of Philosophy from the University of Texas at Austin and her B.S. in nursing from the University of Mary at Bismarck, N.D.

4. DR. CLANCY OUTLINES AHRQ SPENDING PRIORITIES

AAFP was singled out for thanks and praise by AHRQ Director Carolyn Clancy, MD at the February 25 Friends of AHRQ meeting. At the meeting, Dr. Clancy reviewed the Agency's past activities and appropriations and outlined plans for the additional \$1.1 billion for comparative effectiveness research from the American Recovery and Reinvestment Act. AHRQ gets \$700 million for CER, but passes \$400 million to NIH. The HHS Secretary gets the other \$400 million. IOM will issue a report by June 30 designating CER priority conditions.

AHRQ is looking for applications for investigator initiated research, and will accept these application until March 9 for expedited release. For more information on the R01 opportunity, as well as funding announcements for K awards and R18s, please visit:

<http://www.ahrq.gov/fund/grantix.htm>

5. SENATE COMMITTEE EXAMINES HEALTH INSURANCE REFORM

The Senate Health, Education, Labor and Pension (HELP) Committee held three hearings this week on the topic of health insurance. The meeting on February 24 addressed the issue of underinsurance in national health reform, and included witnesses from the Commonwealth Fund, Consumers Union, Kaiser Family Foundation and the Galen Institute. The witnesses described the poor health outcomes and medical indebtedness associated with underinsurance, but disagreed about the extent to which the government should get involved. The most interesting observation was made by Sen. Michael Enzi (R-WY), who stated firmly that "health reform will be done this year."

The other two hearings focused on "integrative health" and included witnesses from the Center for Mind-Body Medicine in Washington, DC, the Center for Spirituality and Healing in Minneapolis and the Cardiovascular Institute and Complementary Medicine Program at New York-Presbyterian Hospital. These witnesses urged the use of complementary and alternative therapies, as well as support for "healthy living," in conjunction with traditional medicine. While Sen. Tom Harkin (D-IA) historically has taken the lead on this issue, HELP Committee Chair Ted Kennedy's statement for the record included a call for additional prevention efforts and health promotion activities.

6. FamMedPAC: THREE EVENTS THIS WEEK

Government Relations staff attended a health care meeting with **Rep. Bill Shuster (R-PA)**. Also attending was Rep. John Sullivan (R-OK) who serves on the House Energy and Commerce Committee. Topics discussed included Medicare SGR, health insurance consolidation/physician negotiation, physician workforce, scope of practice and health care reform. Rep. Shuster spoke at length about how low Medicare payments hurt his small and rural hospitals which faced many cases of uncompensated care. He also described his efforts to address medical liability costs which are driving physicians out of the state. Rep. Shuster encouraged physicians in particular to become more active in politics. Rep. Sullivan described how a bill he introduced in the last Congress would limit how non-physicians can market themselves. He said that patients deserve to know if the individual in a white coat is a trained physician or "someone who took a course at the Ramada."

GR staff attended a fundraiser for **Rep. Nathan Deal (R-GA)**, a member of the Health Subcommittee of the House Energy and Commerce Committee. While the conversation covered a range of issues, the most contentious was a discussion of the medical home. The subspecialists in attendance generally derided the medical home concept and Rep. Deal made a joking comment that physicians do not always agree on these issues. Rep. Deal concluded the conversation with a generic statement saying he generally supported the medical home but felt it should be better defined. Nevertheless, he said a medical home of some sort, perhaps a community-based health center, was better than the ER. On other topics, Rep Deal

wanted to know what we thought of the HIT provisions in the recovery bill and staff was able to give the AAFP perspective. All hospital-based subspecialists were concerned about the hospital sections and felt they were inadequate. Everyone was concerned that the timetable was too tight. On the topic of universal healthcare, Rep. Deal feels that the stimulus package and budget are an incremental move toward government-run health care. He expressed concern that if all 46 million uninsured people were provided with insurance, there would be an insufficient number of physicians and many cited Massachusetts as an example.

AAFP Board members Dr Lori Heim and Dr. Ted Epperly attended a general fundraising event for **Sen. Max Baucus (D-MT)**, the Chair of the Senate Finance Committee and a leader in the healthcare reform debate. The Senator released a white paper on healthcare reform earlier this year and it is widely expected to be the blueprint for the Democrats' efforts in this Congress.

7. STATE GOVERNMENTS TACKLE INDOOR SMOKING, SCOPE AND MEDICAL HOME

- **Clean Indoor Air Acts Advance**

On February 17, the Indiana House passed a Clean Indoor Air bill weakened significantly in committee, but amended somewhat during floor debate. The bill exempts bars, casinos and nursing homes, among others, from the act, while allowing localities to adopt stronger ordinances. The Indiana Academy of Family Physicians supports the bill is working to have it strengthened in Senate committee. A SpeakOut alert to Indiana AAFP members generated over 60 e-mails urging a strong Clean Indoor Air Act.

Also on February 17, the *Kansas* Senate passed a bill that provides the strongest language of the three acts to advance this week. It does contain an exemption for gaming floors of casinos. Two SpeakOut alerts generated over 100 calls and e-mails.

In Virginia, a compromise measure hammered out between Governor Tim Kaine (D) and House Speaker William Howell (R), cleared its final legislative hurdles on February 19. The Senate received a weakened version of the bill from the House, moved it quickly through committee and to the floor, amending it to restore essentially the original compromise. The votes for final passage, following conference, were 27-13 in the Senate and 60-39 in the House. The bill now heads to Gov. Kaine, who is expected to sign it into law.

- **Scope of Practice**

A state-sanctioned, professionally-facilitated work group of physicians and APNs in Colorado reached agreement on all but one issue in the "sunset" legislation to reenact the Nurse Practice Act. The remaining issue regards an October 2008 rule adopted by the Board of Nurse Examiners (BON) that eliminated the performance of delegated medical functions from the definition of advanced practice nursing. This is in direct contradiction to long standing laws and medical-nursing collaborative practices, which organized medicine supports. The new BON rule, enacted over the objections of the Colorado Academy of Family Physicians and other medical specialties, will alter the boundaries regarding advanced nursing practice diagnosis and treatment. The Colorado AAFP sent a SpeakOut alert urging members to call their Senator on this issue.

The Montana Academy of Family Physicians issued a SpeakOut alert, asking members to contact their Representatives against a bill that aims to exempt unlicensed and uncertified providers from fines, fees or restrictions on their practice. The Montana AAFP and the Montana Medical Association, in addition to mid-level and allied provider organizations (nurses, chiropractors, naturopaths, etc.), are working to defeat the bill.

- **Medical Home State Legislative Update**

The medical home continues to be an intriguing concept to state legislatures. After a slow start during the 2009 sessions—due largely to issues of post-election organization of chambers, assessing state budgets in the new economic climate, and waiting to determine what federal aid may be coming—states once again are exploring the patient-centered medical home as a policy option. As of February 23, 52 bills in 21 states include at least a mention of the term “medical home.” Some 14 bills in 8 states go further and attempt to define the medical home or provide for a demonstration or pilot program to begin implementing, or expand, the concept in their respective states. No legislation on the medical home has yet become law. For current bill status and text, visit AAFP’s state legislative tracking page at aafp.org/online/en/home/policy/state/statetrack.html.

US Department of Health and Human Services FY 2010 Budget Highlights

President Obama issued his fiscal year 2010 budget outline, *A New Era of Responsibility: Renewing America's Promise*, on February 26, 2009. The document outlines priorities, but the detailed budget will not be released until late in March. The President pointed to the high cost of health care and geographic cost disparities and calls for lower health care costs and broader health care coverage by moving toward the proven successful practices adopted by lower-cost areas and hospitals.

Medicare Physician Payment System Reform

The budget credits the current physician payment system with having limited spending, but calls for reforms to provide incentives to improve quality and efficiency. The budget baseline reflects a best estimate of what the Congress has done in the past, but does not suggest that should be the future policy. The Administration would support comprehensive, but fiscally responsible, reforms to the payment formula and believes Medicare needs to move toward a system in which doctors face better incentives for high-quality care rather than simply more care.

Health Reform Reserve Fund

The budget sets aside a reserve fund of more than \$630 billion over 10 years as a step to finance health care reform. The reserve fund will be financed by rebalancing the tax code so the wealthiest pay more and health care savings including:

- Reforms to the Medicare physician payment formula.
- Cuts to Medicare Advantage overpayments allowing the market to set the reimbursement limits, and saving taxpayers more than \$175 billion over 10 years.
- Lower drug prices by accelerating access to generic biologic drugs, prohibiting anticompetitive agreements and collusion between brand name and generic drug manufacturers intended to keep generic drugs off the market, and increasing the Medicaid drug rebate.
- Greater Medicare and Medicaid Payment Accuracy.
- Reduced hospital readmission rates by incentives and penalties should save roughly \$26 billion over 10 years.
- Expanding Hospital Quality Improvement Program to save over \$12 billion over 10 years.

Other provisions associated with the Health Reform Reserve Fund are:

- ✓ Encourage primary care physicians to administer the flu vaccine to Medicare beneficiaries
- ✓ Enable physicians to form voluntary groups that coordinate care for Medicare beneficiaries and to receive performance-based payments for coordinated care.

National Institutes of Health

The budget provides NIH with over \$6 billion for cancer research as part of the President's multi-year plan to double cancer research.

Health Professions Workforce

The budget calls for \$330 million to address the shortage of health care providers in certain areas. It is not clear how much might be provided to Title VII or whether this will be solely devoted to loan repayment programs for physicians, nurses, and dentists who agree to practice in medically underserved areas. The document indicates that these new resources will sustain the expansion of the health care workforce funded in the *Recovery Act*.

Rural Health

The budget includes \$73 million for rural health programs.