



# GOVERNMENT AFFAIRS WEEKLY

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### 1. CMS ISSUES GME FINAL RULE

CMS posted the final rule for GME policy for indirect and direct graduate medical education payments to teaching hospitals when their residents are being trained in a non-hospital site. If residents are training in a non-hospital setting, the law allows a teaching hospital to count those residents in determining their GME payments only if the teaching hospital pays “all or substantially all of the costs for the training program in a non-hospital setting.” CMS has interpreted this statute so strictly that many hospitals are not receiving GME payments for residents in family medicine training, even though the teaching physicians are volunteering their time with the residents.

After countless meetings and discussions with AAFP officials and staff, in a softening of their previous position, after July 1, CMS will require that the hospital pay at least 90 percent of the total costs of training residents in a non-hospital setting, including residents’ salaries, fringe benefits, travel and lodging expenses where appropriate, plus the portion of the cost of teaching physicians’ salaries attributable to GME. CMS also has agreed to several implementation features that will make it less cumbersome to prove compliance with the 90-percent minimum.

### 2. WITHHOLDING MEDICARE PAYMENT FOR DELINQUENT TAXES

On May 3, Senators Norm Coleman (R-MN), Carl Levin (D-MI) and Claire McCaskill (D-MO) introduced the *Medicare Provider Accountability Act* (S. 1307) to withhold Medicare payments from providers who owe federal taxes. The legislation responds to a Government Accountability Office report issued in March which found that more than 21,000 physicians and other health care providers who participated in Medicare owed the federal government \$1.3 billion in income and payroll taxes in the first nine months of 2005. The bill requires CMS to participate in the Federal Payment Levy Program, which withholds payments to federal contractors until they pay taxes owed, and would allow CMS to participate the Treasury Offset Program to collect non-tax debt, such as unpaid student loans and child support.

### 3. OF INTEREST TO FAMILY PHYSICIANS...

- SENATE FINANCE HEARING FAULTS MEDICARE DRUG PROGRAM.  
Delays in reimbursements from health insurers and the complexity of the Medicare prescription drug benefit program have led to problems for pharmacies and beneficiaries, experts testified at a Senate Finance Committee hearing on Wednesday,

May 2. In the first in a series of hearings on the Medicare prescription drug benefit, Senators and witnesses were critical of the prescription drug plans, the Centers for Medicare and Medicaid Services (CMS), and the Social Security Administration (SSA).

The plans were criticized for taking up to 90 days to reimburse pharmacies for drugs dispensed to beneficiaries. Some plans were said to demand that prior-approval calls originate with the physician and not the pharmacist. Some plans were accused of substantially changing their formularies after patients enrolled and refusing to authorize drugs not on formulary without trying a series of less expensive drugs. Witnesses pointed out the CMS fails to rein in plans that repeatedly fail to comply with rules and regulations.

A witness also testified that the large number of Medicare prescription drug plans make it difficult for beneficiaries to choose plans, pay premiums or enroll in the low-income subsidy and take advantage of the exceptions and appeals process. Beneficiaries who pay their monthly Part D premium by automatic deductions from their Social Security check have had an incorrect premium withheld by SSA.

- **SENATE VOTES TO ALLOW DRUG IMPORTATION, RISKS VETO**

On Thursday, May 3, the Senate voted 63-28 to limit debate on an amendment to FDA user fee reauthorization bill that would allow the importation of drugs from Canada and more than 30 other countries. Sixteen Republicans joined all of the Democratic Senators in support of the provision to allow the importation of prescription drugs. However, the administration has said it cannot guarantee the safety of imports and committed to veto the *Prescription Drug User Fee Amendments* if that provision remains on the bill. Current authority for the FDA user fees expires on September 30.

- **BUSH ANNOUNCES CMS AND HHS NOMINEES**

President Bush said he will nominate Kerry N. Weems to be administrator for the Centers for Medicare and Medicaid. If confirmed, Weems will replace Mark B. McClellan, who left the agency in October. Weems has held several posts within HHS during his 24-year tenure and currently serves as the agency's deputy chief of staff. He also has served as the agency's acting assistant secretary for budget, technology and finance and as chief financial officer. Acting CMS Administrator Leslie V. Norwalk had asked not to be considered as a permanent replacement for McClellan.

The President also nominated Tevi David Troy to serve as deputy HHS secretary. Troy now serves as deputy assistant to the president for domestic policy and has been a special assistant to the president and deputy cabinet secretary.