

## GOVERNMENT AFFAIRS WEEKLY

A Report to the Board of Directors

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March 23, 2007

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### 1. SENATE INCLUDES SCHIP, HHS AND VA FUNDS IN SPENDING BILL

The Senate Appropriations Committee approved a \$121.7 billion supplemental war spending bill on March 22 that did not include a mandatory provision that would set a deadline for the withdrawal of troops from Iraq. The emergency supplemental includes funds not requested by the Bush Administration for a number of domestic programs. Those are: \$870 million in emergency funding for pandemic flu activities at the Department of Health and Human Services, \$50 million of which is for the vaccine compensation program; \$745 million for the State Children Health Insurance Program shortfall and \$1.3 billion for Veterans' health care.

### 2. HOUSE BUDGET COMMITTEE SENDS RESOLUTION TO THE FLOOR

The House Budget Committee in the very early hours of Friday, March 23 concluded their work on the FY 2008 budget resolution. The resolution proposed by Rep. John Spratt (D-SC), who chairs the House Budget Committee, includes a Medicare "reserve fund" to allow for "increasing the reimbursement rate for physicians while protecting beneficiaries from associated premium increases." The resolution provides for an increase in spending for domestic health programs of \$2.148 billion over FY 2007 or 4.1 percent.

### 3. SENATE BUDGET RESOLUTION INCLUDES TOBACCO TAX FOR SCHIP

The Senate may vote later today on a \$2.9 trillion fiscal year 2008 budget resolution that includes funds for an expansion of SCHIP, as well as billions of dollars in additional funds for health care programs. The Senate adopted (59-40) an amendment offered Sen. Gordon Smith (R-OR) calling for a tobacco tax of up to 61 cents a pack to pay for a \$35 billion increase to SCHIP. The budget

resolution, which includes about \$18 billion more for domestic discretionary spending in FY 2008 than President Bush has requested, would provide \$15 billion over five years to expand SCHIP. Like the House budget resolution, it includes a "reserve fund" to allow for unspecified Medicare physician payment reforms. It increases funding for health care programs by \$2.717 billion or 5.2 percent above the FY 2007 level. AAFP, in partnership with the Coalition for Health Funding, sought an increase of \$4 billion. Our Speak Out alert generated nearly 1000 message to the House and Senate in support of more funding for federal health care programs.

Several important amendments were defeated during debate in the Senate. An amendment, sponsored by Senator Jim Bunning (R-KY) could have undermined Medicaid's guarantee of EPSDT (Early, Periodic, Screening, Diagnosis and Treatment) for children. Senator Bunning claimed the amendment only reaffirmed changes made by the Deficit Reduction Act (DRA), but the amendment could have damaged Congress's ability to clarify that the DRA did not eliminate the guarantee of EPSDT. This amendment was defeated 44-55.

An amendment sponsored by Sen. Saxby Chambliss (R-GA) would have created a reserve fund for SCHIP reauthorization that would limit state flexibility to cover parents and childless adults and create an option to cover mental and dental health for children. (The option to provide mental and dental health coverage already exists under current law.) This amendment was defeated 44-55.

Yesterday, an amendment offered by Senator John Cornyn (R-TX) would have limited eligibility for SCHIP to children below 200 percent of poverty. This amendment was defeated 38-59.

#### **4. GENETIC NONDISCRIMINATION BILL FLOOR ACTION NEXT WEEK**

*The Genetic Information Nondiscrimination Act (HR 493)* is expected to get a vote on the House floor next week. The House Energy and Commerce Committee approved by voice vote. HR 493, sponsored by Louise M. Slaughter, (D-NY), which has been approved by two other House Committees, seeks to prevent employers and insurance companies from collecting genetic information and from using that data in hiring, firing, or for setting insurance premiums. The President has said he will sign a bill to prevent genetic discrimination.

#### **5. MENTAL HEALTH PARITY: Bill Would Increase Premium Costs Slightly**

Senate mental health parity legislation (S 558) would increase health insurance premium costs by only 0.4 percent, according to the Congressional Budget Office. The legislation, passed last month by the Senate Health, Education, Labor and Pensions Committee, would require health insurers to provide reimbursements, copayments, deductibles and limits on physician visits for mental health care at the same level as for physical care. According to CBO, health plans and insurers would offset more than half of that increase through

cost-saving measures such as reducing benefits or increasing deductibles and copayments.

## **6. AAFP COMMENTS ON PROPOSED MEDICAID FINANCING RULE**

AAFP submitted comments on Monday, March 19, to the Centers for Medicare and Medicaid Services (CMS) voicing opposition to a proposed rule that would significantly alter how states may generate matching funds for Medicaid. The proposed rule, if implemented, would remove an estimated \$3 - \$5 billion in federal funding for Medicaid services. Those taking the most serious hit would be safety net hospitals and nursing facilities.

Provider organizations are pressuring Congress to pre-empt the rule before it has the chance to go into effect. These efforts bore some fruit as separate letters went to US HHS Secretary Mike Leavitt this week from 100 House members and 60 Senators.

## **7. MICHIGAN TO PRESENT LEGISLATIVE BRIEFING ON CCNC**

In April, the Michigan Academy will present a legislative briefing on the Community Care of North Carolina Medicaid Model. Michigan staff has been working with the leadership in both the House and Senate who are receptive to learning more about the North Carolina program. Government Relations staff is working with the Medicaid consulting team in providing direct chapter support.

## **8. FOLLOW-UP ON MEDICAL HOME WEB SEMINAR**

A majority of those evaluating the Patient-Centered Medical Home web seminar found the information presented to be very useful as well as very relevant to their advocacy efforts. When asked if they would be willing to participate in future web seminars, 100 percent responded yes. All of the speakers were rated good to very good. The web archive has been viewed 38 times since its posting. Suggested topics for future web seminars include Workforce Issues, TransforMed, Retail Clinics and a follow-up to the Medical Home.

## **9. FamMedPAC ON CAPITOL HILL**

FamMedPAC participated in two fundraisers this week and sponsored a healthcare reception for a newly elected Congressional Representative.

On Tuesday, AAFP staff attended a healthcare dinner for Rep. Tom Price (R-GA), an orthopedic surgeon. Dr. Price is a strong supporter of AAFP's key issues, including repeal of the Medicare physician payment formula and federal reform of the medical liability system. He also is in favor of providing incentives to physicians for the purchase and use of HIT systems. On Thursday, FamMedPAC sponsored a healthcare reception for Rep. Gabrielle Giffords (D-AZ). FamMedPAC made a substantial contribution to Rep. Giffords for her 2006 election campaign. Although she does not serve on any key healthcare committees, Rep. Giffords is very interested in healthcare and plans to make it a focus of her Congressional career. She asked for assistance from each of the

medical specialty groups present in finding local Arizona members to form a healthcare advisory group to advise her on the key issues facing physicians. We are working with chapter officials to identify a constituent who is an AAFP member.

Also on Thursday, FamMedPAC participated in a healthcare lunch for Rep. John Tanner (D-TN), a member of the House Ways and Means Committee and a leader of the Blue Dog Democrats, a group of moderate to conservative Democratic Members of the House. Rep. Tanner is a strong supporter of Title VII funding and spoke of finding funds somewhere to pay for fixing the Medicare payment formula. He spoke of the difficulty in finding a solution in light of the Democrats commitment to follow “pay as you go” rules in spending bills.

Between January 1 and March 23, 2007, \$67,680 has been contributed to FamMedPAC by 136 AAFP members.