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1. Democrats Eye Cuts in Medicare Advantage Plans to Fund Physician Payment

Democrats on the House Energy and Commerce Health Subcommittee April 18 reiterated concerns that Medicare Advantage (MA) plans are overpaid and that trimming reimbursements to private insurers could provide some of the funding needed to pay for the annual update of Medicare's payments to physicians. Panel members also said linking Medicare reimbursements to quality of services would better ensure federal dollars were best spent, and cited durable medical equipment and imaging services as areas of fraud and abuse concerns.

Rep. Frank Pallone Jr. (D-NJ), who chairs the subcommittee, said MA plan payments should be a key focus in evaluating efficiency and integrity in the program, citing past recommendations from the Medicare Payment Advisory Commission. He said, "It makes little sense to me why Medicare payments for Medicare Advantage enrollees are, on average, 12 percent higher than what Medicare pays for beneficiaries enrolled in traditional Medicare."

To justify shifting funds from the MA plans to physician payment, Rep. Lois Capps (D-CA) argued that Medicare is "under paying for primary care services by 5 percent" in her district. Rep. Hilda Solis (D-CA) stated she has heard some physicians in her district have stopped taking new Medicare patients due to low reimbursements. Rep. Darlene Hooley (D-OR) raised the SGR payment problem for physicians; and, she said "physicians would welcome data which compares them to other physicians." She further said she "does not want a pay-for-performance program that does not take into account those physicians who deal with older and sicker patients" in order to prevent cherry-picking.

However, House Energy and Commerce ranking member and health subcommittee member Rep. Joe Barton (R-TX) said lawmakers should not risk disrupting benefits to MA plan enrollees by cutting reimbursements, noting that beneficiary satisfaction is high among MA plan participants. Rep. Barbara Cubin (R-WY) expressed her strong commitment to deal with the SGR problem and to work to stop next year's scheduled 9.9 percent payment reduction while preserving MA plans for especially for rural underserved areas.

2. Senate Republicans Block Drug Negotiation Bill

On Wednesday, April 18, Senate Republicans blocked consideration of the Medicare drug negotiation bill, S. 3, by a vote of 55-42. The Senate measure authorized but did not require the government to negotiate costs, in contrast to the House bill, HR 4, which had been a strategy to attract more votes. The vote of 55 fell short of the 60 needed to close debate and move onto

voting on the bill itself. Senate Democrats and the handful of Republicans who supported S 3 now must attach the provisions to another piece of legislation or modify the original language.

3. Senate Committee Passes FDA Drug User Fee Reauthorization Bill

On Wednesday, April 18, the Senate Health, Environment, Labor and Pensions Committee voted 15-5 to approve the *Prescription Drug User Fee Amendments* (S. 1082) to renew and increase the fees drug companies pay the government to have their products reviewed. The current authorization expires on September 30.

All of the committee Democrats supported the bill which divided the Republicans. Senators Judd Gregg (NH), Richard Burr (NC), Johnny Isakson (GA), Wayne Allard (CO) and Tom Coburn (OK) voted against it. The Committee's senior Republican, Sen. Michael Enzi (WY) joined Sens. Lamar Alexander (TN), Orrin Hatch (UT) and Pat Roberts (KS) to support it.

Senator Roberts threatened to withdraw his support for the bill on the floor unless Sen. Kennedy changes the restrictions on direct-to-consumer advertising by drug companies. He and others complain that the provision could have unintended consequences for doctors, patients and the First Amendment.

4. House-Senate Conference on the Supplemental Spending Bill to Convene Monday

The formal House-Senate conference committee on the war spending bill, which contains funds to cover the immediate shortage for the Children's Health Insurance Program, will convene on April 23. While negotiations continue over the exact spending levels, a major sticking point — a deadline for withdrawing U.S. troops from Iraq — will be settled in favor of the Senate's nonbinding goal for withdrawal. President Bush continues to insist that he will veto the measure if it contains war restrictions.