



# GOVERNMENT AFFAIRS WEEKLY

---

AAFP Division of Government Relations — 2021 Massachusetts Avenue, NW — Washington, DC

---

June 22, 2007

## IN THIS REPORT...

1. CGA Chair Addresses Medical Home for State Legislators
2. Health Care Reform in Senate Budget Committee Hearing
3. CMS Is Undermining Graduate Medical Education according to AAFP
4. Senate Committee Provides Funding for Family Medicine Training
5. CHCs Lack Primary Care Physicians
6. Medicaid Requires Tamper-Proof Prescription Pads
7. Grassroots Ask for Positive Physician Payment
8. The Week Ahead in Congress: Health Care Reform, HIT and Medicare Advantage
9. Also of Interest to Family Physicians...
  - Medicare Prescription Drug Benefit Administration Questioned
  - Stem cell research bill vetoed, Senate continues effort

### 1. STATE LEGISLATORS HEAR ABOUT MEDICAL HOME FROM AAFP

Steve Crawford, MD, who chairs the AAFP's Commission on Governmental Advocacy, met with 32 chairs of state legislative health committees from across the country as part of the annual meeting of the Health Chairs Project of the National Conference of State Legislatures on Thursday and Friday (June 21-22). NCSL invited Dr. Crawford to speak to the Chairs as part of the Academy's sponsorship of the Project. The theme of this year's meeting, an invitation-only event, was health system transformation.

Nearly every presenter at the meeting touched upon various elements of the Patient-Centered Medical Home. Several speakers noted the need for improved payments for primary care physicians and for more attention to the development of the primary care workforce. At the closing session, Dr. Crawford wove together these threads in his remarks and subsequent discussion with the Chairs.

The entire program was recorded and will be available as a web cast on the NCSL web site.

### 2. SENATE BUDGET COMMITTEE CONSIDERS THE COSTS OF HEALTH CARE

On Thursday, June 21, the Senate Budget Committee held the first of several hearings on health issues. Committee Chairman Senator Kent Conrad (D-ND) noted that the United States spent 16 percent of the Gross Domestic Product (GDP) on health care while Ireland, for example, spent less than half that and can boast of better health outcomes. Unless something changes, the problem will get worse, Sen. Conrad insisted. By 2050, the U.S will spend 20 percent of the GDP on Medicare and Social Security.

Senator Conrad said that he thinks "we are overpaying Medicare Advantage (MA) plans [that offer managed care for seniors] and they were supposed to bring savings." And he said that the Congressional Budget Office (CBO) claims that if MA growth continues at the present rate it may produce runaway costs and changes to the Medicare program that could be irreversible.

In his opening remarks, the senior Republican member Senator Judd Gregg (R-NH) said, "We are facing a demographic tsunami." The way to correct Medicare, according to Senator Gregg, is to curb utilization, improve quality, address access and provide transparency. He pointed to the Dartmouth study that revealed high utilization and cost but low outcomes in certain parts of the country, while other states enjoy higher outcomes with low cost and utilization.

### **3. ACADEMY ACCUSES CMS OF UNDERMINING GRADUATE MEDICAL EDUCATION**

AAFP joined the other four family medicine organizations (Society for Teachers of Family Medicine, Association of Departments of Family Medicine, Association of Family Medicine Residency Directors and the North American Primary Care Research Group) on June 12 in responding to a rule proposed by the Centers for Medicare and Medicaid Services (CMS) that would remove resident vacation and sick leave time from the formula used to determine IME and DME reimbursement. In these comments, the Academy described four rule changes proposed or finalized by CMS since August 2006 that represent a "full-frontal assault on graduate medical education. Taken together we are very fearful that the Administration is systematically unraveling the graduate medical education infrastructure in the United States. Collectively these proposals and changes represent a substantial negative impact on graduate medical education. It is more than unfortunate that these proposals would be recommended at a time when the United States is experiencing maldistribution and shortages of physicians, and a sizable portion of the US population is approaching Medicare eligibility," the letter states. The comments are posted on the AAFP Web site.

In addition, on Friday, June 22, the AAFP and the four organizations of academic family medicine wrote to CMS Acting Administrator, Leslie Norwalk, to call on CMS to withdraw a proposed rule that would prevent GME payments in the Medicaid program. The letter notes that the position of family medicine is clear: "we oppose any policy that would not allow Medicaid to fund graduate medical education." The academic family medicine groups and AAFP joined with the American Osteopathic Association, the Association of American Medical Colleges and the National Association of Children's Hospitals to commission a legal brief that was submitted with the letter to Administrator Norwalk that argued that the Medicaid program authorized GME payments and that CMS was incorrect in its assertion that such payments were not part of the Medicaid statute.

### **4. FAMILY MEDICINE TRAINING TO RECEIVE NEARLY \$50 MILLION IN FY 2008**

The Senate Appropriations Committee approved, by a vote of 27-2, a spending bill for fiscal year 2008 for the departments of Labor, Health and Human Services and Education on Thursday, June 21. (GOP Senators Brownback of Kansas and Gregg of New Hampshire voted no.) The bill provides \$149.2 billion in discretionary spending, which is \$1.9 billion less overall than in the House Subcommittee approved on June 7. President Bush requested \$140.9 billion overall for the programs and agencies funded by this bill and has threatened to veto any spending bills that exceed his recommendations.

Both the House and the Senate versions would continue to fund the Title VII Section 747 Primary Care Medicine and Dentistry Cluster at the FY07 level of \$48.9 million. Senator Arlen Specter (R-PA), Senior Republican on the Subcommittee, announced that he would work to increase health professions appropriation to the House-recommended levels.

Other key funding provisions in the Senate bill include:

- \$329.6 million for the Agency for Healthcare Research and Quality, an increase 3.3 percent over the FY07 level as requested by the President and proposed by the House.
- \$2.24 billion for Community Health Centers, an increase of 12.6 percent above FY07 mirroring the House bill and exceeding the President's request by \$250 million.
- \$29.9 billion for National Institutes of Health programs, an increase of \$1 billion or 3.5

percent above the FY07 level. The House bill provides NIH with \$29.3 billion. The President's budget had proposed to cut NIH funding to \$28.6 billion.

- \$170 million for Title VII Nursing programs, an increase of 13.4 percent above FY07. The House recommended \$165.6 million, and the President proposed \$105.3 million.
- \$172 million for rural health programs. The House included \$144.8 million for rural health.

## 5. AAFP RESPONDS TO WASHINGTON POST ON PHYSICIAN SHORTAGES AT CHCs

On Monday, June 18, *The Washington Post* ran a timely article on the expanding number of community health centers and the difficulty that they are experiencing in finding primary care physicians to staff them. AAFP has been highlighting for the Congress and the Administration the need to fund Title VII health professions grants in the primary care and dentistry cluster adequately in order to staff CHCs.

AAFP President Dr. Rick Kellerman sent a letter to the editor of the *Washington Post* pointing out the failure of the government to recognize that building more CHCs without funding programs to train the family physicians to staff them makes no sense. Specifically, Dr. Kellerman points out that "Congress has the opportunity to help both community health centers and doctors take better care of their constituents by passing funding for Health Professions Grants that will support family medicine departments and residencies that educate the students who will serve patients in rural and underserved areas.

"If Congress does not act, we will be reading about more community health clinics with help wanted signs hanging on their front doors."

## 6. TAMPER PROOF PRESCRIPTION PADS REQUIRED FOR MEDICAID PATIENTS

The recent Iraq supplemental spending bill includes a requirement for providers to use a tamper-resistant prescription pad when handwriting prescriptions for Medicaid patients. The effective date is October 1, 2007. AAFP staff members have spoken with officials at recent meetings of the National Conference of State Legislators, Council of State Governments, and National Association of State Medicaid Directors about this issue. CMS will be issuing guidance to the State Medicaid directors. AAFP is conducting a survey to assess the impact of the change on members and to prepare comments for CMS when the proposed rule is published.

## 7. GRASSROOTS CONTINUE TO FLOURISH

- As of June 22, we have at least one AAFP Key Contact for **374** of the 536 federal legislators. That is, 69 percent of the U.S. Senators and Representatives have a family physician serving as a Key Contact.

House	283 / 436 (64%)
House Key Committees & Leadership	127 / 174 (72%)
Senate	91 / 100 (91%)
Senate Key Committees & Leadership	61 / 66 (92%)

- On Tuesday, June 19 the AAFP sent a Speak Out alert to Key Contacts for federal legislators who serve on one of the three committees of jurisdiction over Medicare physician payment asking for a 2-year positive update. Click [here](#) to view the alert and take action.

## 8. THE WEEK AHEAD IN CONGRESS

- On Tuesday, June 26, the Senate Budget Committee will hold a hearing on the *Healthy Americans Act*, to be introduced by Sen. Ron Wyden (D-OR), and other options for health care reform.
- On Wednesday, June 27, the Senate Health, Education, Labor and Pensions (HELP) Committee will debate and vote on legislation to promote the use of Health Information Technology. The AAFP, and other physician organizations, do not support the draft legislation because it focuses on assistance for hospitals and large practices, rather than small and medium size practices.
- On Thursday, June 28, the House Budget Committee will hold a hearing on the Medicare Advantage program and the federal budget. The committee is considering whether Congress should reduce the subsidy of Medicare Advantage (compared to regular fee-for-service Medicare) to pay for children's health insurance and Medicare payment to physicians.

## 9. ALSO OF INTEREST TO FAMILY PHYSICIANS...

- **Norwalk Challenged on Medicare Prescription Drug Benefit**  
Rep. Pete Stark (D-CA), Chairman of the House Ways and Means Subcommittee on Health, zeroed in on CMS Acting Administrator Leslie Norwalk over a General Accountability Office (GAO) report stating CMS provided \$100 million to health plans that enrolled beneficiaries who are eligible for both Medicare and Medicaid benefits without ensuring these beneficiaries were reimbursed for their medications. Many of these beneficiaries who were eligible for Medicare, and subsequently became eligible for Medicaid, were not informed that they could receive drug coverage from the time of the much earlier Medicaid determination. While this problem occurred in 2006, CMS did not inform the beneficiaries or the health plans until March 2007. Rep. Stark expressed deep skepticism that these individuals would produce receipts that could be reimbursed by CMS a year later. Ms. Norwalk countered that all Medicare Part D recipients had received numerous reminders to save all prescription drug receipts. Rep. Stark indicated he would be drafting legislation to address some of the Part D issues that had arisen since the inception of the program.
- **Stem cell research bill vetoed, Senate continues effort**  
On June 20, President Bush vetoed the *Cell Research Enhancement Act* (S. 5) for the second time. Because the vetoed bill originated in the Senate, that chamber will vote first to override. However, since the House does not have the votes to override the veto, HHS Appropriations Subcommittee Chairman Sen. Tom Harkin (D-IA) announced that the Senate Appropriations Committee-passed bill includes a provision to expand federal funding for embryonic stem cell research. The provision changes the cutoff date for federally-funded research on stem cell lines created before August 9, 2001 to June 15, 2007 thereby increasing the number of cell lines by nearly 400.