



AAFP

GOVERNMENT AFFAIRS WEEKLY

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IN THIS REPORT...

1. CMS Announces Steep Decline in Physician Payment Rate
2. AAFP Members Will Demand Senate Action on Payment
3. Recent Medicaid Rules Challenged
4. Congressional Agreement on HHS Spending Faces Veto
5. House Subcommittee Urges HIT for Underserved Areas
6. Sen. Obama Responds to AAFP Survey

1. PHYSICIAN PAYMENT WILL DECLINE BY 10.1 PERCENT

The Centers for Medicare and Medicaid Services (CMS) issued the final rule that sets the Medicare physician payment rate for 2008. In it, CMS announces that the physician fee schedule update for 2008 is -10.1 percent and the conversion factor for 2008 is \$34.0682. The rule has a 30-day comment period and will become effective on January 1.

The rule includes proposed changes to Medicare Part B payment policy. This final rule also discusses refinements to resource-based practice expense (PE) relative value units (RVUs); geographic practice cost indices (GPCI) changes; malpractice RVUs; requests for additions to the list of telehealth services; several coding issues including additional codes from the 5-Year Review; payment for covered outpatient drugs and biologicals; the competitive acquisition program (CAP); clinical lab fee schedule issues; payment for renal dialysis services; performance standards for independent diagnostic testing facilities; expiration of the physician scarcity area (PSA) bonus payment; conforming and clarifying changes for comprehensive outpatient rehabilitation facilities (CORFs); a process for updating the drug compendia; physician self-referral issues; beneficiary signature for ambulance transport services; durable medical equipment (DME) update; the chiropractic services demonstration; a Medicare economic index (MEI) data change; technical corrections; standards and requirements related to therapy services under Medicare Parts A and B; revisions to the ambulance fee schedule; the ambulance inflation factor for CY 2008; and amending the e-prescribing exemption for computer-generated facsimile transmissions.

The rule also makes final the 2007 interim RVUs and sets out interim RVUs for new and revised procedure codes for 2008.

2. GRASSROOTS CALLED TO ACT FOR PHYSICIAN PAYMENT

Virtual Rally on Capitol Hill

The AAFP is working with the physician groups to hold a Virtual Rally on Capitol Hill next week November 6-9 to encourage the Senate to support positive Medicare payment updates. Members are encouraged to participate by calling the toll-free grassroots hotline at 1-800-833-6354 to be patched through to their Senators.

New Grassroots Web page Covered in ANN

This week, the AAFP featured the new grassroots web page in the "[Working for You](#)" section of aafp.com. The exposure has produced increased online sign-ups for Key Contacts and the Advocacy Action Team. Check out the grassroots web page at www.aafp.org/grassroots.

Key Contacts Continue to Grow

As of November 2, AAFP has identified Key Contacts for 426 of the 536 Congressional legislators (79 percent).

Chamber	Key Contacts	Target (# of legislators)
Senate	96 (96%)	100
Senate Leadership & Key Committees	62 (93%)	66
House	330 (75%)	436 (including DC)
House Leadership & Key Committees	140 (80%)	174

3. MEDICAID RULES ATTACKED AT HOUSE HEARING

On Thursday, November 1, the House Committee on Oversight and Government Reform held a hearing on the "Administration's Regulatory Actions on Medicaid: The Effects on Patients, Doctors, Hospitals, and States." The purpose of the hearing was to solicit testimony on a series of Medicaid regulations issued by CMS in the past year. In his opening statement, the Chairman, Rep. Henry Waxman (D-CA), said the proposed regulations "would shift at least \$11 billion in costs to state and local governments..."

All of the public witnesses strongly opposed the various Medicaid regulations. One witness, a Medicaid beneficiary recovering from a mental illness, expressed concern that Medicaid cuts could drive mentally ill patients back into institutional settings. Another witness complained that proposed Medicaid rules changes affecting public schools would have the effect of denying care to needy students. Dr. Retchin, on behalf of Association of American Medical Colleges, noted the "looming physician shortage" and how that can present access problems for Medicaid beneficiaries, as well as the under-insured. A witness from the Government Accountability Office (GAO) discussed prior studies concerning "inappropriate state payment arrangements."

CMS's Director of Medicaid Services, Dennis Smith, defended the federal regulations as necessary to maintain the financial integrity of the Medicaid program.

4. HHS SPENDING TIED TO VETERANS PROGRAMS

The fiscal year 2008 Labor-HHS-Education appropriations measure was combined with the spending bill for military construction and Veterans Affairs to produce what the Democratic Congressional leadership is calling the "Priorities Package." The compromise bill (HR 2642) must now pass the House and Senate. Without changes, it will likely be vetoed.

In addition to the largest single increase in the history of the VA, the package would provide \$150.7 billion in discretionary spending for the Departments of Labor, HHS, Education and related agencies. The Labor-HHS-Education portion represents a \$6.2 billion increase from the FY 2007 level and \$9.8 billion above the President's budget request.

The legislation would increase Title VII Health Professions programs by 14.76 percent to \$212 million and Rural Health programs by 13 percent to \$145.4 million. The Agency for Healthcare Research and Quality's spending level is set at \$334.6 million, a 4.8 percent increase above FY 2007. The National Institutes of Health would receive \$29.7 billion, which would be 3.1 percent more than the FY 2007 level. However, leading Congressional appropriators acknowledge that they will be forced to revisit these spending priorities after the certain Presidential veto.

5. HEARING HIGHLIGHTS TECHNOLOGY NEEDS FOR UNDERSERVED AREAS

On November 1, the House Oversight and Government Reform Subcommittee on Government Management, Organization and Procurement held a hearing entitled, "Too Many Cooks? Coordinating Federal and State Health IT." Rep. Ed Towns (D-NY), who is drafting a bill to help underserved areas take advantage of health information technology, chaired the hearing.

Witnesses included Robert M. Kolodner, MD, National Coordinator for Health Information Technology, HHS; Cheryl Austein Casnoff, Associate Administrator, Office of Health Information Technology, HRSA; Carolyn Clancy, MD, Director, AHRQ and AAFP member Neil Calman, MD, President of The Institute for Urban Family Health. All witnesses agreed on the need to ensure the delivery of HIT to underserved areas and highlighted efforts in that area.

6. SENATOR OBAMA RESPONDS TO AAFP SURVEY

Sen. Barack Obama (D-IL) was the most recent 2008 Presidential candidate to return the AAFP candidate survey and his answers are posted on the Academy website. In addition, a grid has been created that includes all Presidential candidates and their positions on issues of interest to the AAFP. This document also shortly will be posted on aafp.org.

7. SENATE PASSES CHILDREN'S HEALTH INSURANCE BILL

On Thursday, November 1, the Senate voted 64-30 to approve a slightly revised version of the bill to reauthorize the State Children's Health Insurance Program (SCHIP), but the White House issued a statement announcing the President's intention to veto the bill. The revisions that the House of Representatives incorporated into the measure were not sufficient to garner enough votes to override a Presidential veto, so SCHIP is likely to be extended in its current form for a year, so that the bill can be voted on just before next year's election. The current extension of the program expires on November 16, so Congress will have to act on an extension that is acceptable to the President before then.