

December 14, 2007

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### 1. CONGRESS STUGGLES TO FORESTALL 10-PERCENT CUT

House Democrats have delayed action until next week on a long-awaited Medicare reform package after party leaders failed to reach agreement on how and when to push the bill. The major source of contention between the House and the Senate is how to pay for the physician payment update. The House plan relies heavily on reducing payments to Medicare Advantage plans, which the Congressional Budget Office estimates are paid 12-percent more than are Medicare fee-for-service plans. This would produce \$9 billion in savings which would be sufficient to pay for a freeze in physician payments (rather than a 10-percent reduction). However, several key legislators want to include a small increase in payments rather than just a freeze and others want a one-year reauthorization of several bonus payments for rural physicians, which would require additional budget offsets.

The House, however, is in conflict with the Senate, which has objected to most of the proposed reductions in payments to Medicare Advantage plans, making the search for budget offsets much more difficult. The only Medicare Advantage reductions that seem to be acceptable to the Senate would be insufficient to fund the physician payment and would disproportionately affect teaching hospitals in the district of the chairman of the Ways and Means Committee.

The prognosis for passage of a Medicare physician payment bill is still unclear. Since Congress has only one week to go before it adjourns for the year, some legislators are predicting that there is not enough time to pass a Medicare bill and that Congress will postpone a decision, making whatever update it passes in early 2008 retroactive. However, the chairman of the Senate Finance Committee has insisted that the Senate will produce a bill that will pass Congress and be acceptable to the President by the end of the year.

### 2. APPROPRIATIONS FOR FY 2008 LURCHES TOWARD ENDGAME

Congress has approved another spending stopgap measure or continuing resolution to fund the government through December 21. Speaker Nancy Pelosi (D-CA) has announced her intention to reach a bipartisan deal this weekend on an omnibus

appropriations bill, with the goal of passage by the House next Tuesday. The Congressional leaders reportedly have agreed to a \$937 billion omnibus spending bill which reflects the \$933 billion proposed by the President's budget for fiscal year 2008 plus an extra \$3 to 4 billion for veterans' programs. Until the draft of the omnibus bill is published on the House Rules Committee website Sunday night, it is not possible to predict the spending levels for Title VII and other AAFP priorities.

### **3. FAMILY PHYSICIANS GET INVOLVED AT THE GRASSROOTS LEVEL**

This week the AAFP sent an action alert to members urging them to call both their Senators and Representative to provide a positive Medicare update for 2008. The alert also included a link to [familyhealthadvocate.org](http://familyhealthadvocate.org), a site where physicians can refer patients to help take action on behalf of family medicine. Since December 1, AAFP members have sent 637 emails and letters to Congress on the issue using Speak Out.

### **4. MASSACHUSETTS TO DELAY VOTE ON RETAIL HEALTH CLINICS**

The Massachusetts Public Health Council has delayed a vote until January 2008 on whether to allow medical clinics to operate inside retail stores in the state. CVS Corporation had asked for waivers from existing regulations so the chain could open 20 to 30 MinuteClinics in Boston-area stores to treat minor illnesses. Instead, state health officials decided to develop new regulations to address the concept of retail clinics.

### **5. WAIVER OF TAMPER-PROOF PRESCRIPTION PAD REQUIREMENT REJECTED**

Texas twice asked the Centers for Medicare and Medicaid Services to waive the new statute requiring all prescriptions billed to Medicaid to be written on tamper-resistant pads. Texas requested the exemption due to concerns regarding how it would affect the state's compliance with the recent *Frew v. Hawkins* court decision, which requires access to health insurance for poor children.