

December 8, 2006

**MEMORANDUM**

TO: Board of Directors

FR: Kevin Burke, Director  
Government Relations Division

CC: Doug Henley  
Todd Dicus  
Rosi Sweeney

RE: Federal and State Legislative Update (for the week of  
December 4)

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**Medicare Physician Payment**

After prolonged negotiations between Rep. Bill Thomas (R-CA), who chairs the House Ways and Means Committee, and Sen. Charles Grassley (R-IA), who chairs the Senate Finance Committee, legislators are scheduled to vote on tax and trade bills that will be among the final bills passed by the 109<sup>th</sup> Congress. Included in the bill are provisions to halt the pending 5-percent cut in the Medicare physician payment rate, permit a demonstration of the patient-centered medical home, and extend the minimum payment of the Geographic Physician Cost Index (GPCI).

The bill also would allow the Centers for Medicare and Medicaid Services (CMS) to pay physicians an additional 1.5 percent if the physicians report on quality improvement measures found in the Physician Voluntary Reporting Program.

Left behind, however, was a provision that would have redirected unspent fiscal 2004 and 2005 State Children's Health Insurance Program (SCHIP) funds to defer shortfalls through June 2007. Not fixing the SCHIP shortfall problem could cause more than 630,000 recipients to lose their health care coverage. Seventeen states are currently projected to have insufficient federal SCHIP funds, which might lead them to reduce enrollment, restrict benefits, increase patient fees or reduce provider payments.

As of this writing, the House was expected to vote on the measure late Friday and the Senate was planning to consider it over the weekend.

**Appropriations**

Prior to leaving Washington, legislators must also pass a continuing resolution (stop-gap spending bill) to fund federal programs at current levels through

February 15. This action not only will bump action on the FY 2007 appropriations bills until next year, but will force the new Democratic majorities to try to determine their spending priorities as one of their first acts after taking control of Congress. Included in this continuing resolution, of course, are dollars for the Section 747 Primary Care Medicine and Dentistry Cluster, which will be funded at \$41 million, which is last year's level.

### **FamMedPAC**

As of today, over 1,000 AAFP members have contributed to the PAC. The total amount contributed is \$388,648. The average contribution is \$369.

AAFP Washington staff attended a fundraiser this week for Senator-elect Sherrod Brown (D-OH), who served as the Ranking Member of the House Energy and Commerce Health Subcommittee in the 109th Congress. Rep. Brown defeated incumbent Senator Mike DeWine. Rep. Brown worked closely with healthcare groups while in the House and expressed his interest in continuing to work on healthcare in the Senate. He will serve on the Senate Health, Education, Labor and Pensions Committee in the 110<sup>th</sup> Congress.

## **STATE GOVERNMENT RELATIONS**

### **2006 Elections**

Barring further recounts, it appears that the control of the final two state legislative chambers under contention—the Montana House and the Pennsylvania House—has been settled. In Montana, Republicans eked out a three vote win to give them control of the House and their only chamber pick-up in the 2006 election. In Pennsylvania, Democrats gained control of the Pennsylvania House for the first time since 1994.

#### *Total switches in party control:*

12 (10 to the Dem, 1 to GOP and 1 to tied)

#### *Legislative control:*

23 Dem, 15 GOP, 11 split, 1 nonpartisan

#### *Total control, legislature and governor:*

15 Dem, 10 GOP, 24 divided, 1 nonpartisan

### **National Association of State Medicaid Directors**

Staff exhibited at the Annual Meeting of the National Association of State Medicaid Directors, held November 13-16. Staff distributed copies of the AAFP report on Community Care of North Carolina and Dr. Allan Dobson stopped by the booth to help discuss the program with other Medicaid directors and meeting attendees.

### **Council of State Governments**

The annual meeting of the CSG was held November 30 - December 3, 2006. Dr. Tim Linder (TN) participated in this meeting as the AAFP representative to the Health Capacity Task Force, along with government relations staff.

The Health Capacity Task Force reviewed and approved policy resolutions on Adult Preventive Health Services, Cervical Cancer, Vaccinating Health Care Workers to Control Flu Outbreaks, Health Community Design, Pandemic Flu Preparedness, and Worksite Wellness Programs. It also reviewed suggested state legislation, a compendium provided to state legislatures by the CSG, including the Massachusetts Health Care Coverage legislation. The bill was strongly supported by the MA-AFP.

### **NCSL Health Chairs Project**

Dr. Steve Crawford, Chair of the AAFP Commission on Governmental Advocacy, attended the Winter Meeting of the NCSL Health Chairs Project on December 5. The meeting was the first at which AAFP was recognized as a sponsor of the Project.

Participating in the meeting were 25 legislators, who chair health committees in 18 states. The discussion covered a wide range of topics, but repeatedly returned to care coordination and health care workforce shortages, particularly among primary care physicians (with family medicine mentioned specifically by several legislators). Additionally, several participants expressed interest in exploring the medical home concept and introducing legislation in the upcoming session.