

May 9, 2008

IN THIS REPORT...

1. Small Business Committee Looks at Physician Payment
2. Medicaid Rules May Be Postponed
3. FamMedPAC Growth Continues
4. Grassroots: Students and Residents Urge Congress to Provide Debt Relief
5. AAFP Organizes Response to Change in Shortage Area Designations
6. HRSA Advisory Committee on Training in Primary Care Medicine and Dentistry Meets
7. Personal Health Record in SC
8. Florida Plan for the Uninsured
9. Medical Home in Oklahoma
10. Georgia's High-Deductible Insurance Plan

1. CONGRESSIONAL HEARING EXAMINES PHYSICIAN PAYMENT

On Thursday, May 8, the House Committee on Small Business held a hearing on the effects of the Medicare physician payment reductions on small practices. Appearing alone on the first panel was Herb Kuhn, Deputy Director of the Centers for Medicare and Medicaid Services (CMS). In his testimony, Dr. Kuhn said that everyone agrees that the SGR is a flawed formula and needs to be revised. He said there is no "silver bullet," but during questioning he repeatedly singled out value-based purchasing as one of the key elements of payment reform.

Mr. Kuhn also placed a good deal of faith in work exploring payment on the basis of episodes of care; the shared savings demonstration project; the electronic health record and medical home demonstrations; plans to more accurately measure physician resource use and the Physician Quality Reporting Initiative.

Several committee members, in particular the chair, Rep. Nydia Velazquez (D-NY), mentioned the shortage of primary care physicians in their districts and the relationship of this phenomenon to payment inequities. In response, Mr. Kuhn acknowledged the problems that exist in primary care, but repeatedly stressed that the third five-year review increased the value of the evaluation and management (E & M) codes by 25-30 percent.

In a second panel, which consisted of representatives of the Medical Group Management Association (MGMA), the American Medical Association, the American Physical Therapy Association Private Practice Section, the American College of Surgeons, and the American College of Physicians, all witnesses stressed the difficulty small businesses have in trying to cope with a Medicare payment system that is both "unstable and unpredictable."

The witness representing the ACS complained that surgeons are disadvantaged because they are paid on a 90-day global rate and that payment inadequacy is contributing to shortage of general surgeons. He then proposed a solution to the SGR that he said is supported by both ACS and the American Osteopathic Association. The proposal uses separate growth rates for different categories of services.

Next week, one of the Small Business subcommittees will hear from Dr. Karen Smith, an AAFP member in Raeford, North Carolina, about the difficulties created by the Recovery Audit procedures.

2. MORATORIUM ON MEDICAID RULES INCLUDED IN WAR SPENDING BILL

House legislators have included provisions to postpone seven controversial new Medicaid regulations in the pending supplemental appropriations bill for funding of the military activities in Iraq and Afghanistan. The regulations would eliminate or curtail federal reimbursement for a number of Medicaid services that the administration thinks Medicaid should not pay for, including Graduate Medical Education payments. By including the provisions in the supplemental appropriations bill, the legislation can avoid some delaying procedures in the Senate, which is scheduled to debate the legislation next week.

3. FamMedPAC CONTINUES TO PROMOTE AAFP'S AGENDA

Support for the PAC continues to grow. Almost 1,800 AAFP members have made a contribution to the PAC since January 2007, the beginning of the current election cycle. AAFP members have donated more than \$540,000 to the PAC in that time. The total received since January 1, 2008 is over \$200,000. During the recently completed ALF/NCSC meeting in Kansas City, AAFP members contributed over \$20,000 to the PAC.

The direct marketing program for FamMedPAC maintains a brisk pace. Just over 10,000 members have been contacted, with almost 1,400 AAFP members making a pledge. The average pledge is \$170, with over \$237,000 pledged to the PAC since the program began in January of this year.

Since the first of the year, FamMedPAC has made \$207,000 in campaign contributions. For the entire 2007-2008 election cycle, the PAC has made \$506,500 in campaign contributions.

Government Relations staff attended several healthcare events in the past two weeks.

GR staff attended a health care breakfast for Rep Javier Becerra (D-CA), who is a new member of the Health Subcommittee of the House Ways and Means Committee. Discussion focused on the need to address the Medicare physician payment formula by June 30 and the need for the Senate to get the bill to the House in time for it to act by that date. Rep. Becerra said that if a bill comes from the Senate using only the double IME payments as the spending offset for the payment fix, he and other urban Democrats may have to oppose it.

GR staff also attended a health care dinner for Senate Minority Leader Mitch McConnell (R-KY). He was accompanied by his wife, Labor Secretary Elaine Chao. Addressing the SGR, he predicted that the Senate will act before the deadline on a bipartisan package that will avoid the 10.6-percent cut and will be for a period of 18 months. Senator Mitchell also expressed interest in workforce issues facing the health professions. Secretary Chao also asked for additional information on the issue.

GR staff attended a health care breakfast for Rep. John Lewis (D-GA), a member of the House Ways and Means Committee. In addition to the Medicare payment issue, which he depicts as being in the hands of the Senate, other issues were raised, including mental health parity, ESRD, workforce and quality. He believes some broad scale health reform can be accomplished in 2009.

GR staff attended a healthcare lunch for Rep. Jim Matheson (D-UT), a new member of the Health Subcommittee of the House Energy and Commerce Committee. Rep. Matheson is a strong supporter of Title VII funding and voted for the Medicare physician payment fix in the

SCHIP bill passed by the House. On SGR, he is waiting to see what the Senate proposes, but is confident the cuts will be stopped before the deadline. He also is very interested in rural health issues and is eager to take up broader health care reforms in the next Congress.

Rep. Shelley Berkley (D-NV), a member of the House Ways and Means Committee, met with representatives of physician organizations on Thursday, May 8. With respect to the Medicare payment issue, she said it has been difficult getting any information from the Senate lately. But Majority Leader, Senator Harry Reid (D-NV) wants to pass an 18-month patch. Rep. Berkley fears a last minute deal will be done in the Senate and the House will not have any real say. She believes that CMS needs to have something by June 13, in order to continue payments uninterrupted. Rep Berkley's step-daughter is a family physician, who will start practice in Las Vegas in September.

GR staff attended a health care breakfast for Rep. Mike Simpson (R-ID), a dentist and member of the House Labor-HHS Appropriations Subcommittee. He spoke briefly about Title VII Primary Care training, but he does not see how they can enact FY 2009 spending bills in the partisan environment. He believes that the Congress will not be able to move many appropriations bills - if any -- this year. He regretted that the CHAMP Act fell victim to that partisan polarization. Rep. Simpson hopes that the next Congress can act on final appropriation bills early next February.

Finally, GR staff attended a healthcare lunch for Rep. Pete Sessions (R-TX), a member of the House Rules Committee. He focused on politics and explained that all of the many medical specialty groups in attendance should oppose Democratic incumbents because he believes they will enact a single-payer system if they hold the House and Senate and take the White House. Rep. Sessions expressed the belief that HSAs and other market-based approaches are the best way to fix our health care system. On the SGR, he could not say when or if the Congress would consider Medicare physician payment legislation.

4. STUDENTS & RESIDENTS CALL ON CONGRESS FOR DEBT RELIEF

On May 7, the AAFP sent an action alert to family medicine students and residents asking them to contact their legislators requesting the restoration of economic hardship deferment for student loan payments. This option, which is available to medical students in residency programs, is slated to expire next year. As of May 9, more than 2,400 messages had been sent to Congress.

5. AAFP TELLS HHS TO WITHDRAW PROPOSED RULE ON SHORTAGE DESIGNATION

Last February, HHS issued a proposed rule to change the methodology for designating federal health professions shortage and medically underserved areas. AAFP prepared a comment letter recommending that HRSA withdraw the proposed rule and suspend updating current Health Professions Shortage Areas (HPSA) and Medically Underserved Areas (MUA). The comment letter was cosigned by all of the Academic Family Medicine organizations, the American College of Physicians and the National Association of Community Health Centers.

The Graham Center analyzed the impact of the updates and changes on the potential designation of current HPSAs, MUAs and undesignated areas and the population, providers, and health care delivery sites within each and prepared an issue brief that accompanied AAFP comments to HHS. In addition, the AAFP provided chapters with a copy of the Graham Center analysis with state-by-state estimates of the numbers of family physicians who could be affected by the rule.

6. FEDERAL COMMITTEE ON PRIMARY CARE TRAINING REVIEWS MEDICAL HOME

On May 7, 2008, the HRSA Advisory Committee on Training in Primary Care Medicine and Dentistry met to prepare the committee's seventh annual report. The 22-member committee

includes three family physicians as well as physicians from other primary care specialties, physician assistants and dentists. The current report focuses on the patient centered medical home (PCMH) and training programs related to such a model.

There was a lengthy discussion between the physicians and physician assistants at the table regarding the role of non-physicians within the PCMH model. One interesting argument was that some physicians fear that PCMH will “promote” physician extenders, which will then discourage many students from choosing primary care. The doctor speaking went so far as to say that some feel that PCMH will “kill primary care.” In response, Dr. Eugene Mochan, a family physician, underscored the importance of the physician being the primary point of contact who has a strong leadership role on the team.

The committee’s recommendations are still being developed. The recommendation that seemed to be the closest to final is that Title VII should be amended to give priority to prospective grantees that aim to create new primary care models of care, such as medical and dental homes, that better meet the medical needs of the nation. The committee members also wanted to underscore recommendations made by other groups such the Council on Graduate Medical Education to support programs that provide incentives for primary care. The National Health Service Corps loan repayment program was the program most discussed.

The committee also brainstormed topics for the next report, which will focus on the current redesign of primary care and its impact on training. They want to address the future of Title VII as it relates to Health IT, newly structured reimbursement models, prevention, evidence-based medicine and medical home.

7. CMS LAUNCHES PERSONAL HEALTH RECORD PILOT IN SC

CMS announced that Medicare beneficiaries in South Carolina can use an online personal health record (PHR) to privately track their health and health care services. Key information from hospital and provider medical claims will be automatically entered into the PHR when a beneficiary registers for this voluntary program and requests the data. The beneficiary will control who is able to see and access the data, from health care providers to caregivers and family members. CMS Acting Administrator Kerry Weems said the 12-month pilot “will help CMS understand how to best educate beneficiaries on the use of a PHR so that we can encourage use of these tools in the future.” CMS plans to inform providers about the project through newsletters and its Region IV office in Atlanta. More on the project is available at www.myphrsc.com.

8. FLORIDA APPROVES AFFORDABLE HEALTH INSURANCE PLAN

Florida lawmakers have approved legislation to provide affordable health insurance plans for the state’s more than 3 million uninsured residents. The bill allows the state to negotiate with health insurers to develop affordable health coverage for the uninsured and allows small businesses to offer employees a variety of health care plans and services through a centralized clearinghouse. The Florida AFP remained neutral on the legislation due to concern regarding insurance mandates. The legislation removes most mandates with a focus on reducing monthly premiums to \$150. Florida ranks third among the states for the number of uninsured residents under 65.

9. OKLAHOMA LEGISLATURE PASSES TWO MEDICAL HOME BILLS

The Oklahoma Legislature sent Governor Brad Henry (D) two bills this week addressing the medical home. The first bill affirms the legislature’s intent to study the concept of the medical home, while the second authorizes the establishment of the Oklahoma Patient-Centered Medical Home Task Force. The author of the task force legislation was Senator Connie Johnson (D), the sponsor of AAFP’s patient-centered medical home resolution at the Council of

State Governments. The House sponsor of the legislation was Representative Doug Cox (R), MD, a family physician. Both bills were fully supported by the Oklahoma AFP.

10. GEORGIA GOVERNOR SIGNS HIGH-DEDUCTIBLE INSURANCE PLAN BILL

On Wednesday, May 7, Governor Sonny Perdue (R) signed into law a bill, backed by the Center for Health Transformation, former U.S. House Speaker Newt Gingrich's (R) health policy think tank, that aims to encourage more Georgians to enroll in high-deductible health plans (HDHP), as well as to encourage more insurers to offer them. The Georgia AFP remained neutral on this bill but noted that many disease groups actively opposed the legislation along with representatives from pediatrics and obstetrics. The bill would exempt insurers from paying taxes on premiums in the sale of the high-deductible savings account plans. Companies previously paid a tax of at least 2.5 percent on premiums. An independent analysis by the Georgia Budget and Policy Institute estimates that over five years it would provide tax breaks and savings of \$146 million to insurance companies, \$64.8 million to employers and \$6.7 million for individuals.