
AAFP Division of Government Relations — 2021 Massachusetts Avenue, NW — Washington, DC 20036

September 19, 2008

IN THIS REPORT...

1. Senate Finance Considers Health Care Delivery Reforms, Including PCMH
2. House Energy and Commerce Health Panel Discusses Need for System Change
3. House Small Business Committee Holds Hearing on Insurance for Small Cos.
4. House Committee Passes Physician Workforce Bill
5. Federal Government To Operate Under Stop-Gap Spending Bill
6. AAFP Calls For Easing Barriers To Collective Negotiation With Insurance Plans
7. Vision Care for Kids May Be Considered by Senate
8. House Ways and Means Committee Releases HIT Bill
9. Advisory Committee on Primary Care Medicine Discusses Primary Care Model
10. FamMedPAC
11. Pennsylvania AFP Fights to Keep Liability Insurance Support Fund Alive

1. SENATE FINANCE CONSIDERS HEALTH CARE DELIVERY REFORMS, INCLUDING PCMH

On September 16, primary care and the patient-centered medical home (PCMH) were a keen focus of Senators and witnesses in a hearing in the Finance Committee. Witnesses included Mark E. Miller, Executive Director, Medicare Payment Advisory Commission, Glenn Steele Jr. MD, PhD, President and CEO, Geisinger Health System, Robert Berenson, MD, Senior Fellow, Urban Institute and Eric G. Campbell, MD, Associate Professor, Harvard University.

Chairman Max Baucus (D-MT) began the hearing by noting that 30 percent of health spending is wasteful and that the fee-for-service reimbursement scheme does not provide proper incentives. He stated that 36 percent of physicians practice primary care in the US, while in Australia the figure is 56 percent. Consequently, Australians spend about half per person what Americans do on health care. Ranking Member Charles Grassley (R-IA) agreed that incentives in Medicare were perverse and that there was no inducement to coordinate care.

Mr. Miller made four recommendations in his statement: 1) Reward primary care, which should lead to lower costs and enhanced quality; 2) pilot test the patient-centered medical home on an expedited basis and try it first on high-cost patients with multiple chronic conditions; 3) reduce payments to hospitals for patients who are readmitted within 30 days; 4) pilot test a system that bundles payments around a hospitalization. Later in Q & A, Mr. Miller stated that the increased reimbursement to primary care providers should be taken from other specialties' payments.

Dr. Steele noted that providers are rewarded for mistakes; health care services should be warranted; providers (in an integrated health system) should help patients navigate the health system; and that Medicare should pay for care coordination and other activities associated with the PCMH. He stated that the Geisinger system places an emphasis on coordinated care, which has caused the number of readmissions in small hospitals to drop.

Dr. Berenson stated that the US should encourage integrated delivery systems; place an emphasis on primary care; apply the PCMH to all patients, not just those with multiple chronic conditions; and address separately the workforce crisis in primary care.

Finally, Sen. Orrin Hatch was unsuccessful in getting the witnesses to agree that defensive medicine is a significant driver of health costs, particularly in unnecessary procedures. None of the witnesses were willing to say that it was more than a minor amount, according to the literature. Hatch disagreed.

2. HOUSE ENERGY AND COMMERCE HEALTH PANEL DISCUSSES NEED FOR SYSTEM CHANGE

On September 18, the House Energy and Commerce Health Subcommittee held a hearing on the need for changes in the Health Care System, chaired by Rep. Frank Pallone (D-NJ). New Jersey Governor Jon Corzine (D) was the first to speak on the panel and termed the events of recent days further proof of a recession and the need for federal leadership on issues such as SCHIP; standards for Electronic Health Records (EHRs); and the medical home.

Elizabeth Edwards, Senior Fellow at the Center for American progress criticized Presidential candidate Sen. John McCain's (R-AR) health care plan as inadequate and noted that coverage provided in the individual market is not only costly but generally does not cover preexisting illness. Stephen Parente, Director, Medical Industry Leadership Institute and Associate Professor of Finance at the Carlson School of Management at the University of Minnesota, advocated the purchase of insurance across state lines, which currently is prohibited. E.J. Holland, Senior Vice President at the EMBARQ Corporation, based in Overland Park, Kansas, discussed his company's concern that they now pay more on health care for their employees than on IT, which is the core of their business. Former AAFP staffer Karen Pollitz, Project Director and Research Professor at the Health Policy Institute at Georgetown University, stated that private health insurance must be "available, adequate, affordable and always there." She coined the term "lemon-dropping" to describe plans that eliminate patients with acute or chronic illness. William J. Fox, Principal and Consulting Actuary, Milliman, Inc., provided actuarial data to support his claim that private insurance costs are rising since they subsidize the Medicare and Medicaid programs, thus causing cost-shifting in the market. Q & A was cut short by a series of votes toward the end of the hearing.

3. HOUSE SMALL BUSINESS COMMITTEE HOLDS HEARING ON INSURANCE FOR SMALL COMPANIES

On September 17, the Small Business held a hearing on the CHOICE Act, legislation introduced by Chairwoman Nydia Velázquez (D-NY) and four cosponsors. The bill is designed to encourage the development of small business cooperatives to provide healthcare options to improve coverage for employees, including through a small business tax credit.

Witnesses included Linda Blumberg, PhD, Principal Research Associate at the Urban Institute Health for Policy, who stated that small employers face substantial disadvantages relative to large employers when providing health insurance to their workers, including higher administrative costs of insurance, limited ability to spread health care risk and a workforce with lower wages. Len Nicholas, PhD, Director, Health Policy Program at the New America Foundation, stated that the US could help small employers and their workers the same way as with all Americans: creating a marketplace that is accessible, competitive, and fair and reforming our delivery system to elicit more clinical value for the health care dollar. He also said that the US would never control health care costs unless it paid providers in a way that made sense; introduced smart incentives to encourage patients to do the right thing; and provided incentives for enrollees to sign up with a qualified medical or health home and to providers to adopt electronic records and decision support tools.

Stuart Butler, PhD, Vice President, Domestic and Economic Policy Studies at the Heritage Foundation, stated that the nature of the workforce is changing; insurance is not sufficiently portable; firms, and especially small firms, face difficulties and disincentives, and may not have either the capacity or the incentive to offer health insurance benefits; that unequal tax treatment skews the system, benefiting the employer-sponsored system to the exclusion of others and offering little relief to low-income families. He recommended the creation of insurance exchanges; transforming employers into facilitators, not sponsors, of coverage; and reforming tax treatment.

4. HOUSE COMMITTEE PASSES PHYSICIAN WORKFORCE BILL

On September 17, the House Committee on Energy and Commerce approved eleven public health bills. Each bill was approved by voice vote and can now be brought to the full House of Representatives for consideration. Of most interest to family medicine is HR 2583, the *Physician Workforce and Graduate Medical Education Enhancement Act*, sponsored by Reps. Michael Burgess (R–TX) and Jim Matheson (D–UT), which would authorize a loan repayment program for hospitals to start a residency training program. Although the original bill used the terms internal medicine or pediatrics, AAFP and AFMAA worked with Rep. Burgess, on an amendment, adopted by voice vote, that specifically included family medicine.

5. FEDERAL GOVERNMENT TO OPERATE UNDER STOP-GAP SPENDING BILL

The House and the Senate have set Friday, September 26 as their target adjournment date, and it is clear that they will need to enact a stop-gap funding measure, or continuing resolution (CR), to avoid a government shutdown. Although Speaker Nancy Pelosi (D-CA) has said they will act on the CR before taking up an economic stimulus plan, it is not known when it will be considered. Also up in the air is the length of time that would be covered by a CR. Appropriations staffers are discouraging advocacy groups from pushing for program increases in the CR because it would decrease the likelihood of Congress returning its attention to a stand alone fiscal year 2009 Labor-HHS-Education bill. Senate Defense Appropriations Subcommittee Chairman Daniel Inouye (D-HI) expects that his bill will serve as the vehicle for the FY 2009 CR.

6. AAFP CALLS FOR EASING BARRIERS TO COLLECTIVE NEGOTIATION WITH INSURANCE PLANS

AAFP Board Chair Rick Kellerman, MD, FFAFP, called on the House and Senate to pass legislation to ease Federal Trade Commission (FTC) restrictions on primary care physicians' contract negotiations with third party payors. In letters to the bipartisan leadership of the House and Senate Committees with jurisdiction over the FTC, Dr. Kellerman indicated that policies on antitrust enforcement that prevent physicians from negotiating with health plans are particularly onerous for primary care doctors. The letters ask that Congress remove FTC regulatory barriers to physician collaboration to allow them to participate fully and freely in the health care market place. AAFP continues to work as part of the AMA/Specialty Society Coalition's Antitrust Work Group to promote the reform of current federal rules on antitrust enforcement in health care.

7. VISION CARE FOR KIDS MAY BE CONSIDERED BY THE SENATE

The American Academy of Ophthalmology has been working closely with the American Optometric Association on legislation to establish a grant program to provide vision care to children. The House version of the *Vision Care for Kids Act* (HR 507) has 152 cosponsors and passed the House on a voice vote last October. The bill would authorize CDC matching grants to states to provide comprehensive eye examinations from a licensed optometrist or ophthalmologist for children who have been previously identified through a vision screening or eye examination by a licensed health care provider or vision screener as needing such services.

8. HOUSE WAYS AND MEANS COMMITTEE RELEASES HIT BILL

Members of the House Ways and Means Committee have released a draft HIT bill designed to encourage providers and hospitals to adopt health information technology. While incentives to providers are higher, Medicare payments would be reduced to those who did not move swiftly to purchase these systems. AAFP staff is reviewing the just-released measure.

9. HRSA ADVISORY COMMITTEE DISCUSSES PRIMARY CARE MODEL

On September 15, the HRSA Advisory Committee on Training in Primary Care Medicine and Training met for the first time by audio conference. HRSA reported on the current grant cycle for Title VII Section 747 in FY 2008 and indicated that 207 were approved and 86 were funded. Members discussed the eighth report on the *Redesign of Primary Care and Training Implications*, which will describe how training should be reformed to meet the needs of the new primary care model. The seventh report is on the medical home.

9. FamMedPAC

Government Relations staff attended a healthcare breakfast for **Rep. Rosa DeLauro (D-CT)** who chairs the Agriculture-FDA Appropriations Subcommittee, serves on the Labor-Health and Human Services-Education and holds the Democratic Leadership post of co-chair of the House Steering and Policy Committee. She acknowledged that the Congress must work on a permanent Medicare payment reform. AAFP staff discussed the importance of Title VII funding for primary care training, physician workforce needs and the importance of providing Americans with a PCMH.

At the medical specialty "Meet and Greet" for **Rep. Jesse Jackson, Jr. (D-IL)**, who sits on the Labor-HHS Appropriations Subcommittee, Jackson mentioned that he is under consideration for an appointment to the remaining two years of the Senate seat now held by Sen. Barack Obama in the event the Senator is elected president. Jackson believes the economic issues facing the new administration will crowd out health care reform.

10. PENNSYLVANIA AFP FIGHTS TO KEEP LIABILITY INSURANCE SUPPORT FUND ALIVE

The Pennsylvania Academy of Family Physicians relaunched its grassroots advocacy effort urging state lawmakers not to let the Medical Care Availability and Reduction of Error fund expire this November. Its demise may prove to be a side effect of the heated, continued debate over covering the uninsured that has occurred between Governor Ed Rendell (D), House Democrats and Senate Republicans. The program provides physicians with a subsidy to offset the cost of liability insurance. The PA AFP is using AAFP's Speak Out system to engage its members in the effort. Over 180 messages were sent to Pennsylvania lawmakers in the first 72 hours.