

June 13, 2008

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1. SENATE FAILS TO APPROVE MEDICARE BILL

On a procedural motion requiring 60 votes, the Senate on Thursday, June 12, failed to approve debate on the *Medicare Improvements for Patients and Providers Act* (S. 3101), which Senator Max Baucus (D-MT) introduced earlier in the week. The vote was 55 in favor and 38 against (although for technical reasons, Sen. Reid, the Senate Majority Leader, changed his vote to no, making the official final vote 54-39). Nine Republican Senators (Dole, Murkowski, Stevens, Roberts, Coleman, Smith, Snow, Collins, and Warner) joined all of the Democratic Senators who were present to vote in favor of the motion.

The bill has several features that are important to family medicine. Above all, it would prevent a pending 10.6 percent reduction in Medicare payment to physicians. Instead, it would continue the current payment rate to the end of the year and stipulate a 1.1 percent increase next year, thereby forestalling an additional 5 percent reduction. In addition, the measure includes several provisions to improve payment specifically for primary care physicians. It would increase funding for the Medicare Medical Home Demonstration Program, which includes a monthly payment to the primary care practices that serve as medical homes for designated Medicare patients and it would expedite the implementation of the payment system nationally. The bill also would limit payment of the Physician Shortage Area bonus to primary care physicians who provide primary care services in the shortage area.

The legislation includes provisions to encourage electronic prescribing by offering physician practices bonus payments for the use of e-prescribing and penalties for not using it. The bill extends the Physician Quality Reporting Initiative program and boosts the bonus payment from 1.5 percent to 2.0 percent.

The Baucus bill includes several provisions for Medicare patients. For example, it would protect beneficiaries from premium increases due to the physician update, boost Part B assistance for lower income beneficiaries, waive co-pays for the Welcome to Medicare exam, remove bureaucratic barriers to enrollment in the Part D low-income subsidy program and equalize co-payments for mental health benefits. The bill costs \$19.8 billion over five years, and much of that cost is recovered by reducing payments to Medicare Advantage private fee-for-service plans and to Medicare Advantage plans for Indirect Medical Education.

On Wednesday, June 11, Senator Charles Grassley (R-IA) introduced a similar bill that has many of the same provisions. His legislation, the *Preserving Access to Medicare Act* (S. 3118),

however, lacks the beneficiary-related provisions and it does not remove the deeming authority of Medicare Advantage private fee-for-service plans. The bill also includes a section entitled “Introducing the Principals [sic] of Value-Based Health Care into the Medicare Program” which would direct CMS to design and implement a budget-neutral system under which a portion of the payments to individuals and entities furnishing items or services to Medicare beneficiaries would be based on the quality of their performance. The bill also lacks a provision that would increase the reimbursement rate cap for both Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC).

The AAFP has written to the principal sponsors of both bills indicating support for their respective legislation. However, the AAFP letter to Senator Grassley notes the concerns about the deeming provision, the section withholding payment for practices based on performance and the need for an increase in the reimbursement rate cap for FQHC and RHC.

With the failure of the measure to pass the procedural hurdle, the sponsors of the legislation will determine whether they can craft a compromise bill. The alternative would be for the Majority Leader, Sen. Reid, to call up the Baucus bill for another vote when more of the Democratic Senators will be in attendance.

2. AAFP MEMBERS GO TO THE PHONE FOR PHYSICIAN PAYMENT BILL

This week, the AAFP partnered with State Chapters to issue call alerts to AAFP members in 28 states (TN, WY, GA, MS, MN, TX, NC, SC, OK, KS, AL, AK, NH, VA, OH, FL, LA, IN, PA, MO, AL, VT, CA, CO, MT, SD, NV, and IL). The alert urged members to call their Senators and ask them to vote for cloture on the *Medicare Improvements for Patients and Providers Act* (S. 3101). A separate alert was also sent to Key Contacts.

Since February, the AAFP has issued 7 action alerts on physician payment issues. Those action alerts have generated almost 8,000 emails and letters and countless phone calls to federal legislators.

3. MedPAC REPORT INCLUDES CHAPTER ON PROMOTING PRIMARY CARE

The Medicare Payment Advisory Commission (MedPAC) has released its June report containing a number of discussions and recommendations important to primary care. The report states that fundamental changes are needed in health care delivery in the U.S. and in Medicare. It indicates that recent studies show that the U.S. health care system is not buying enough of the recommended care, is buying too much unnecessary care, and is paying prices that are very high, resulting in a system that costs significantly more per capita than in any other country.

In Chapter 2 of the report, entitled “Promoting the Use of Primary Care,” MedPAC recommends two new initiatives. The first initiative increases fee schedule payments for primary care services furnished by clinicians focused on delivering primary care. This budget-neutral adjustment is intended to redistribute Medicare payments toward those primary care services provided by practitioners whose practices focus on primary care. A fee schedule adjustment for primary care would help overcome the undervaluation of primary care services.

The second initiative to promote primary care is to establish a medical home pilot program under Medicare. A medical home pilot would create incentives for eligible medical practices to conduct care management and care coordination. This medical home pilot would include monthly, per beneficiary payments to qualifying medical practices for infrastructure and activities that promote ongoing comprehensive care management. To be eligible for these monthly payments, medical homes would be required to meet stringent criteria which are delineated in the chapter.

MedPAC is an independent Congressional agency established to advise the U.S. Congress on issues affecting the Medicare program. AAFP member Tom Dean, MD, of South Dakota, is one of the Commission's 17 members.

4. FamMedPAC EXCEEDS \$600,000

From January 2007, FamMedPAC collected \$607,303 in donations from 2032 AAFP members. In the first 6 months of 2008, donations to the PAC total \$268,359. For the election cycle, the average donation is \$299.

A major reason for the success to this year's fundraising is the direct marketing program that began earlier this year. The program has contacted over 13,000 members, with over 1,800 AAFP members making a pledge. The average pledge is \$169, with just under \$300,000 pledged to the PAC since the program began in January of this year.

FamMedPAC contributions to candidates total \$547,500 thus far in the 2007-2008 election cycle. The PAC contributed \$335,000 to Democratic candidates and committees, and \$212,500 to Republican candidates and committees.

AAFP Government Relations staff participated in three campaign events this week.

Government Relations staff attended a luncheon for **Rep. Jesse Jackson, Jr. (D-IL)**, who serves on the House Appropriations Committee and spoke at the 2007 Family Medicine Congressional Conference. At that time, he announced his interest in expanding access to health care for all Americans. He reiterated his goal at this recent event and emphasized his support for primary care physicians as key to achieving that. He has been an ardent supporter of Title VII Health Professions Grants, and he is committed to reducing health care disparities based on race, gender or geography.

Staff participate in a healthcare reception for **Rep. Diana DeGette (D-CO)**, who serves on the Health Subcommittee of the House Energy and Commerce Committee and is vice-chair of the full committee. Rep. DeGette is also a chief deputy whip in the House. At this year's Democratic Convention in Denver, she is an unofficial co-host of the healthcare reception of which FamMedPAC is a sponsor. She is quite supportive of family medicine and is hopeful that the House will take up a Senate-passed Medicare physician payment bill and pass it quickly.

Government Relations staff went to a healthcare reception for **Rep. John Shadegg (R-AZ)**, who is on the Healthcare Subcommittee of the House Energy and Commerce Committee. He initially announced that he was retiring earlier this year, but Republican Party leaders convinced him to change his mind and run for reelection. This was his first healthcare event since announcing he would seek reelection.

5. LOUISIANA ADDRESSES PHYSICIAN CARE GIVEN IN EMERGENCIES

Legislation designed to help prosecutors determine whether to file charges against doctors, nurses or other health care professionals for their actions during or immediately after disasters sped out of a Louisiana state senate committee and is one step short of going to Gov. Bobby Jindall (R). The Judiciary Committee approved the bill that now heads to the full Senate.

The bill establishes a three-member Emergency-Disaster Medicine Review Panel to examine disaster-related decisions by health-care personnel. The review panel is comprised of the coroner (of jurisdiction), a member of the state medical society, and an "expert" in disaster medicine named by the Governor. A district attorney or state attorney general could choose to ask the board for an evaluation of a medical professional's conduct in a case before launching a prosecution. The findings of the panel are advisory and not binding.