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IN THIS REPORT...

1. No Clear Pathway to Avoid March 1 Medicare Physician Pay Cut
2. White House Health Care Reform Summit Convenes on February 25
3. HHS Secretary Criticizes Double Digit Insurance Premium Hikes
4. CMS Estimates Continued Steep Increases in National Health Expenditures
5. President Submits FY 2011 Budget to Congress
6. New Principal Deputy Administrator Named to Reorganized CMS
7. Health Care in the States

NEXT WEEK IN WASHINGTON...

Congress will return after the blizzards break and President's Day recess period.

- * The Senate will reconvene on February 22 to consider jobs bill.
- * The House has delayed votes until 6:30pm on Tuesday, February 23.
- * On February 25, the White House will host a health reform summit.

1. MEDICARE PHYSICIAN PAYMENT CUT LOOMS DAYS AWAY

The bill to stimulate employment ("Jobs Bill"), which the Senate may take up on Monday, February 22, no longer includes language to prevent the 21-percent cut in the Medicare physician payment rate. Unless Congress acts to prevent it, the cut will take effect March 1. This week, AAFP President Lori Heim, sent an email to all active and resident members of the AAFP asking them to call or email their Senators about the need for a permanent solution to the SGR. If Congress cannot act on time, it is likely that Congress will retroactively repeal the Medicare payment cuts. The Administration's FY 2011 budget assumed that Congress would prevent the Medicare cut and provide no positive updates for the next ten years, at an estimated cost of \$371 billion. The House passed a permanent fix last November. The Senate failed to bring this issue to the floor for debate, because most Senators objected that the cost was not offset and would add to the deficit.

2. WHITE HOUSE TO CONVENE BIPARTISAN HEALTH REFORM SUMMIT

White House Chief of Staff Rahm Emanuel and HHS Secretary Kathleen Sebelius invited 12 Democratic and nine Republican members of Congress to a televised health reform summit. As planned by the White House, the February 25 meeting at Blair House is expected to include a discussion – moderated by President Obama – on four topics: insurance reforms, cost containment, coverage expansion and the prospects for deficit reduction under health reform. The Democratic and Republican leaders in the House and Senate, and the chairs and senior Republican members of the five congressional committees that presided over health reform legislation, as well as a number of other lawmakers and representatives from federal agencies were invited. The White House intends to publish online its own draft as early as Sunday.

3. HHS REPORTS INSURANCE PREMIUM, PROFITS RISE

On February 18, HHS Secretary Kathleen Sebelius issued a new report on health insurance premium hikes, including requested increases in Connecticut, Maine, Michigan, Oregon, Rhode

Island, and Washington. The report follows the announced plans by Anthem Blue Cross to raise health insurance premiums on its California customers by as much as 39 percent. It can be found on the Obama Administration health reform website at <http://www.healthreform.gov/reports/insuranceprospers/insuranceprofits.pdf>.

4. CMS ACTUARY ISSUES NATIONAL HEALTH EXPENDITURE PROJECTION

The CMS Office of the Actuary issued its National Health Expenditure (NHE) Projection indicating that the recession will affect the growth of health costs over the next several years. Between 2009 and 2019, average annual health spending growth (6.1 percent) will outpace average annual growth in the overall economy (4.4 percent). By 2019, national health spending is expected to reach \$4.5 trillion, an 80-percent increase from \$2.5 trillion in 2009, and comprise 19.3 percent of the Gross Domestic Product (up from 17.3 percent in 2009). The report was published online by the journal *Health Affairs* on February 4. The health care spending projection data can be found on the CMS website at http://www.cms.hhs.gov/NationalHealthExpendData/03_NationalHealthAccountsProjected.asp.

5. PRESIDENT'S FY 2011 BUDGET CALLS FOR FREEZING TITLE VII

President Obama's fiscal year 2011 budget request unveiled on February 1 seeks to freeze most domestic discretionary accounts. The President's budget is only a request to Congress, but it useful guide to the House and Senate as they consider revenue and spending decisions.

Health Professions Training Grants authorized by Title VII have again been spared from the budget ax by the Obama Administration. The FY 2011 budget calls for level funding for Title VII Primary Care Medicine and Dentistry or \$54.4 million. Although the overall Title VII budget would be maintained at the same level as this year, the budget would increase funding for workforce information and analysis from \$6 million to \$9 million.

The National Health Service Corps would be increased by the President's proposed budget by \$27 million to \$169 million for a 19 percent increase over FY 2010, and Community Health Centers would get a \$290 million increase over FY 2010 to \$2.44 billion.

The President's budget would reduce funding for rural health programs below the FY 2010 level but it would be more than the budget requested for FY 2010.

The Agency for Healthcare Research and Quality (AHRQ) fares very well, with the President requesting \$611 million for FY 2011; a \$214 million (54 percent) increase over FY 2010. The requested increase is targeted for "patient-centered health research." The AHRQ budget provides:

- \$286 million for Comparative Effectiveness Research (+261 million over FY 2010)
- \$32 million for HIT research (+4 million)
- \$65 million for patient safety research (-\$26 million). It does not include \$25 million for medical liability demos provided in FY 2010.
- \$16 million for research and dissemination activities in prevention and care management

The President's budget proposes \$32.089 billion for the National Institutes of Health, a \$1 billion (3.2 percent) increase over FY 2010. It also seeks a modest (\$6 million) increase for the Centers for Disease Control and Prevention's Chronic Disease and Health Promotion activities to \$937 million in FY 2011. Below is a chart which includes numbers draw from the President's budget. Please note the numbers in the budget documents are rounded to millions and may not look like level funding requests.

(\$ Amounts in thousands)	FY 2009	FY 2010	FY 2011 Request *
Health Professions - Training for Diversity:			
Centers of excellence	20,602	24,602	25,000
Health careers opportunity program	19,133	22,133	22,000
Faculty loan repayment	1,266	1,266	1,000
Scholarships for disadvantaged students	45,842	49,342	49,000
Training in Primary Care Medicine & Dentistry	48,425	54,425	54,000
Interdisciplinary Community-Based Linkages:			
Area health education centers	32,540	33,345	33,000
Allied health and other disciplines	13,890	22,390	22,000
Geriatric programs	30,997	33,747	34,000
Workforce Information & Analysis		2,832	9,000
Public Health Workforce Development	9,000	10,000	10,000
TITLE VII TOTAL	221,695	254,082	259,000
Rural Health Programs	169,000	183,926	142,000
National Health Service Corps	135,000	141,952	169,000
Agency for Healthcare Research & Quality	372,053	335,553	611,000
CDC Chronic Disease & Health Promotion	882,000	931,292	937,000

* amounts rounded to millions

6. ACTING CMS ADMINISTRATOR ANNOUNCES DEPUTY

Marilyn Tavenner has joined the Centers for Medicare and Medicaid Services (CMS) as its new principal deputy administrator. Tavenner, a nurse and former hospital CEO who was secretary of Virginia's Health and Human Resources to then-Gov. Tim Kaine (D) from 2006 until Gov. Bob McDonnell (R) took office last month, assumes the newly created position to become the second-ranking official at the agency – and the Obama Administration's most senior appointment to CMS. She reports to acting CMS Administrator Charlene Frizzera. The White House has yet to nominate anyone to serve as administrator of CMS. The agency has not had a confirmed chief executive since Mark McClellan resigned in 2006.

7. HEALTH CARE IN THE STATES...

- Illinois Supreme Court Rules Medical Malpractice Caps Are Unconstitutional*
The Illinois Supreme Court has overturned the state's medical malpractice reform law. The Court's decision reverses a 2005 state law capping non-economic damages -- such as pain and suffering -- for physicians at \$500,000 and hospitals at \$1 million. The Court based its decision on a case that arose from a case involving the severe disability of a young girl; the Cook County Circuit judge ruled that caps were unconstitutional in 2007.
- Lawsuit Filed against Nurse Anesthetists in California*
The California Medical Association and the California Society of Anesthesiologists filed a lawsuit in the San Francisco Superior Court alleging that Governor Arnold Schwarzenegger (R) skirted federal regulations when he sent a letter allowing nurse anesthetists to administer anesthesia without physician supervision. Federal regulations generally require supervising physicians to be present when nurse anesthetists administer anesthesia. However, Medicare rules exempt hospitals from that requirement if a state's governor sends a letter to CMS. In the lawsuit, the two

medical groups claim that the Governor bypassed federal rules because he sent the letter to CMS without first consulting with the state's medical board and Board of Registered Nursing. The suit also asserts that California hospitals do not need the exemption because the state does not have a shortage of anesthesiologists. CMA and CSA asked the court to force Schwarzenegger to retract his letter and reinstate the requirement for physician supervision of nurse anesthetists.

- *Indiana Medical School Reduces Incoming Class Size*

Despite a physician shortage in the state, the nation's second-largest medical school, Indiana University School of Medicine, decreased the number of new students it will accept next fall. Following years of increases, the school decided to lower admission rates after Governor Mitch Daniels (R) recently ordered state-funded universities to reduce their budgets. Area hospitals and physician groups are providing assistance to ensure the school's third- and fourth-year training program continues at current levels.

- *Assignment of Benefits and Chiropractor Scope of Practice in New Jersey*

The New Jersey legislature recently enacted a bill that requires insurers that offer both in- and out-of-network benefits to reimburse providers who are out-of-network for medically necessary health care services. Under the new law, the insurer must send payment to the provider of services, rather than the patient. Just prior to leaving office, Governor Jon Corzine (D) also signed a bill into law that expands the scope of practice for chiropractors in the state. The legislation allows chiropractors to provide dietary/nutritional counseling, to dispense nutritional supplements, to diagnose, analyze, and treat all joints and soft tissues of the body "independent of spinal subluxation," and to provide splints and braces. The measure also requires that all chiropractors maintain liability insurance and complete 30 credits of continuing education every two years.