

July 2, 2010



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NEXT WEEK IN WASHINGTON...

- * Congress will be in recess for the Independence Day Holiday. The Senate will return on Monday, July 12, while the House will remain in recess for an additional day.

1. SENATE STRUGGLES TO EXTEND ENHANCED FEDERAL MEDICAID FUNDING

Senate Democrats, on Thursday, July 1, expressed confidence that a stand-alone measure to extend enhanced federal Medicaid funding to states could be taken up when the chamber reconvenes. Last week, Democrats failed to avert a Republican-led filibuster against the "extenders" bill, which included a plan to lengthen federal Medicaid payments to the states originally authorized by the 2009 federal stimulus bill through June 2011.

More than 30 states adopted budgets that rely on federal matching funds for Medicaid programs. The increased funding from the federal stimulus legislation is set to expire on December 31, the middle of the fiscal year for many states. To make a case for states to receive this funding, dozens of governors spoke with their congressional delegates on Wednesday, June 30 in a video conference. Governors from Kansas, Maryland, Michigan, New York, Pennsylvania, and Washington traveled to Washington, DC to meet Congressional legislators in person.

North Carolina legislators and Governor Beverly Perdue (D) have reached an agreement over the state budget, which takes into account the Medicaid funding not yet approved by Congress. A provision in the legislation requires a reduction in the state's Medicaid provider rates and a one percent across-the-board cut, if the federal funding is not available by January 1.

New Jersey's recently-passed budget reduced generic drug co-payments under the state's Senior Gold and Pharmaceutical Assistance to the Aged and Disabled programs from \$6 to \$5. Earlier versions of the bill included provisions—to add a \$310 deductible and an \$8 increase in co-payments for brand-name drugs—that were removed prior to the bill's passage.

California began a new fiscal year on July 1 with no budget in place and little agreement between lawmakers and Governor Arnold Schwarzenegger (R) over how to address the state's

\$19 billion deficit. California Medicaid providers have among the lowest reimbursement rates in the country and among the largest Medicaid populations, making an extension of the increased FMAP critical to balancing the state's budget.

2. NOMINATIONS TO FEDERAL HEALTH REFORM COMMISSIONS

The *Affordable Care Act* (PL 111-148) established a number of advisory boards and commissions to address various aspects of health reform. The new law called on the Government Accountability Office (GAO) to appoint 15 individuals to the newly-authorized National Health Care Workforce Commission by September 30 and 19 members to the Board of Governors of the Patient-Centered Outcomes Research (PCOR) Institute. In addition, the law created a National Prevention, Health Promotion, and Public Health Council made up of Cabinet Secretaries and agency heads whose responsibilities affect the health of the public. This Council announced the creation of an advisory group, made up of as many as 25 outside experts to advise the Council. This week, the AAFP recommended several individuals to the GAO for appointment to these newly created bodies.

The role of the Workforce Commission is to review health care workforce and projected workforce needs and to provide comprehensive information to Congress and the Administration to align resources with national needs. On June 30, the AAFP recommended the following family physicians to GAO for membership on the Commission:

- Deborah Allen, MD, FAAFP, the Otis Bowen Professor at the Indiana University School of Medicine in Indianapolis
- Dan Derksen, MD, FAAFP, a Professor in the Department of Family & Community Medicine at the University of New Mexico in Albuquerque
- Ted Epperly, MD, FAAFP, Program Director & CEO of the Family Medicine Residency of Idaho, Boise and a Clinical Professor of Family and Community Medicine at the University of Washington School of Medicine, Seattle
- Kevin Grumbach, MD, FAAFP, chair of the Department of Family & Community Medicine at the University of California, San Francisco School of Medicine
- Robert L. Phillips, Jr. MD, MSPH, Director of the Robert Graham Center: Policy Studies in Family Medicine and Primary Care
- Perry A. Pugno, MD, MPH, CPE, FAAFP, FACEP, FACPE, Director of the AAFP's Division of Medical Education

In addition, the AAFP supported the appointment of physicians who received nominations from other sources including James C. Martin, MD, FAAFP of CHRISTUS Santa Rosa Health System in San Antonio, Texas; Paul Grundy MD, MPH, FCOEM, FACPM, President of the Patient-Centered Primary Care Collaborative; and Mark Doescher, MD, MSPH Associate Professor of Family Medicine at the University of Washington in Seattle where he also serves as the Director of the Washington-Wyoming-Montana-Idaho-Alaska Rural Health Research Center (WWAMI RHRC) and the UW Center for Health Workforce Studies.

The purpose of the Board of Governors of the Patient-Centered Outcomes Research Institute is to help advance the quality and relevance of evidenced based research in helping to treat patients. The Institute will identify research priorities, establish a research project agenda, and

assist in carrying out that agenda. The following individuals were recommended for appointment by the AAFP:

- Alfred Berg, MD, MPH, Professor in the Department of Family Medicine at the University of Washington
- Theodore G. Ganiats, MD, Interim Chair of the Department of Family and Preventive Medicine at the University of San Diego (UCSD) and Executive Director of the UCSD Health Services Research Center.
- Diane Rittenhouse, MD, MPH, Associate Professor of Family and Community Medicine at the University of California, San Francisco (UCSF) and Associate Professor in Residence, Step 1, Philip R. Lee Institute for Health Policy Studies at UCSF
- Joseph E. Scherger, MD, MPH, Vice President for Primary Care at Eisenhower Medicine Center in Rancho Mirage, California and Clinical Professor of Family and Preventive Medicine at the University of California, San Diego School of Medicine
- Eric Wall, MD, MPH, Senior Medical Director of Qualis Health in Seattle.

In addition, the AAFP submitted letters of support for candidates whose names had been submitted by other organizations: Barbara Starfield, MD, MPH and Jeffrey Kang, MD, MPH.

For the Advisory Group on Prevention, Health Promotion, and Integrative and Public Health, the AAFP submitted the names of six members for consideration:

- Alfred Berg, MD, MPH, Department of Family Medicine, the University of Washington and past chair of the US Preventive Services Task Force.
- Bruce “Ned” Calonge, MD, MPH, Chief Medical Officer and State Epidemiologist, Colorado Department of Public Health and Environment, and current chair of the US Preventive Services Task Force.
- Paul Hartlaug, MD, MSPH, President and Founder of Proven Health Ways, Inc.
- Michelle May, MD, FAAFP, the Founder and Director of Am I Hungry, PLLC, and a developer of Americans in Motion – Healthy Initiatives (AIM-HI) program of AAFP
- Steven Woolf, MD, MPH, FAAFP, the Medical College of Virginia - Virginia Commonwealth University (VCU) and director of VCU’s Center on Human Needs.
- Raymond Zastrow, MD, FAAFP, President of QuadMed

3. SUPREME COURT DECLINES TO REVIEW EMPLOYER HEALTH COVERAGE CASE

A federal appeals court in 2008 ruled against a challenge to a San Francisco law requiring employer contributions to a citywide health program. Employer groups argued that federal law pre-empted the local law’s requirements to pay into the program if they do not offer insurance benefits on their own. On Monday, June 28, the U.S. Supreme Court declined to examine the appeals court decision, effectively closing the case.

4. HOUSE LAWMAKERS PREPARE NEW SUPPLEMENTAL SPENDING BILL

House lawmakers this week drafted a new supplemental spending bill with generic drug and Medicaid drug price provisions. A revised fiscal 2010 supplemental spending bill (HR 4899) was unveiled in the House on Tuesday, June 29. The new measure is different from an earlier Senate-approved bill and includes provisions that restrict patent agreements to delay manufacturing of generic drugs. The House bill also clarifies Medicaid drug rebate pricing calculations. The House is likely to consider the measure later this week.

The earlier \$58.8 billion Senate bill included new health outlays for earthquake and pandemic preparedness. Also, House appropriators today begin work on two fiscal 2011 spending bills: the Agriculture Department and related agencies, which includes Food and Drug Administration funding, and the measure funding the State Department, which includes international health assistance.

5. FAMMEDPAC CLOSSES OUT BUSY JUNE

June 30 marks the end of the FEC 's campaign finance reporting period. As a result, candidates were trying to gather as many campaign contributions as possible before the end of the quarter. FamMedPAC participated in several events this week.

- **Rep. Henry Waxman (D-CA)**, the Chair of the House Energy and Commerce Committee. This was a health care event sponsored by the physician community. The Chairman said he expects the post-election lame duck session of Congress to be "interesting," particularly since it will have a focus on the SGR. He supports fixing the SGR by simply writing off past costs and feels Congress has been irrational in expanding health care but refusing to pay the nation's doctors.
- **Rep. Mary Jo Kilroy (D-OH)**, a health reform supporter facing a difficult reelection bid as a result of her vote. She is in favor of a permanent fix to the SGR and is disappointed the Senate could not pass the House bill.
- **Sen. Russ Feingold (D-WI)**, who signed a letter in support of funding for Title VII medical education programs.
- **Sen. Blanche Lincoln (D-AK)**, who serves on the Health Care Subcommittee of the Senate Finance Committee. The Senator is facing a difficult reelection bid, in part due to her support of the health reform legislation. She said she remains committed to a permanent SGR fix and believes the federal government needs to help do something to stimulate primary care workforce.
- **The Republican Main Street Partnership**, an organization of Republican legislators promoting center-right policies within the Republican Party. The lunch was sponsored by the physician community. Members in attendance included: **Rep. Dave Camp (MI, Ranking on House Ways and Means Committee)**, **Rep. Joseph Cao (LA)**, **Rep. Shelley Moore-Capito (WVA)**, **Rep. Lynn Jenkins (KS)**, **Rep. Leonard Lance (NJ)**, **Rep. Chris Lee (NY)**, **Rep. Tim Murphy (PA)**, **Rep. Lee Terry (NB)**, **Rep. Pat Tiberi (OH)**, and **Rep. Ed Whitfield (KY)**. The main topic of discussion was the SGR issue. Rep. Camp said that he has always been for a permanent fix, but that it must be paid for. He also said that they would need to see alternatives to the SGR offered by the physician community. Rep. Murphy, a psychologist, made the point that there are no incentives in the current payment system for coordinated care or for improving outcomes, just incentives to provide services.

- **Rep. Mike Thompson (D-CA)**, who serves on the Health Subcommittee of the House Ways and Means Committee. He would not predict if Congress could pass a permanent fix to the SGR, but pointed out that the House had not been the stumbling block.

6. HEALTH INSURANCE REFORM BEGINS TO TAKE SHAPE

This week, several reforms of the health insurance industry, mandated by the *Patient Protection and Affordable Care Act*, resulted in regulatory announcements.

As of July 1, 29 states began administering high-risk pools, known as “Pre-existing Condition Insurance Plans (PCIP),” while the federal government will run those in nonparticipating states. The plans will offer coverage to uninsured Americans unable to obtain health coverage because of a pre-existing health condition. The basic rules require that applicants have been uninsured for at least six months, unable to get health coverage because of a health condition, and are a U.S. citizen or are residing in the United States legally. HHS announced on Thursday, July 1, the establishment of the new federal PCIP that will offer coverage to uninsured Americans in the 21 states that have not developed their own high-risk pools for those who have been unable to obtain health coverage because of a pre-existing health condition.

The www.healthcare.gov website has been launched. The site will help consumers see all health insurance options available where they live, compare costs and determine if they qualify for a government program.

HHS is soliciting comments on the State Health Information Exchange Cooperative Agreement Program.

7. GEORGIA GOVERNOR VETOES PROMPT PAY BILL

Georgia Governor Sonny Perdue (R) recently vetoed a prompt pay bill, which would have required insurers to contact the insured—within 15 working days for electronic claims or 30 calendar days for paper claims—concerning failure to pay a claim. Although the Governor supported the bill’s intent, he vetoed it because the Medical Association of Georgia refused, despite the support of other organizations, to agree to the language that likely would have helped the legislation avoid a challenge under ERISA, a federal law that preempts portions of the state legislation as written. Governor Perdue did not want to chance a federal lawsuit.