

June 25, 2010

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NEXT WEEK IN WASHINGTON...

- * On July 1, the House Education and Labor Committee will hold a hearing on the *Improving Nutrition for America's Children Act* (HR 5504).

1. PHYSICIAN PAYMENT TEMPORARILY INCREASED

On Thursday, June 24, the House of Representatives approved the *Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act* (HR 3962) that passed the Senate last week. The measure will rescind the 21-percent cut in the physician payment rate and will retroactively to June 1 increase the SGR update by 2.2 percent until November 30. The President signed the bill into law on Friday, June 25.

The temporary update will cost \$6.5 billion. However, Congress will have to act to prevent the 21-percent cut beginning on December 1. And the payment reduction will increase to 26 percent after January 1. The "doc fix" bill passed the Senate by unanimous consent last week, and is fully offset with two revenue-raising provisions. One would ban hospitals from charging Medicare for outpatient and inpatient services rendered within 72 hours of a hospital admission, estimated to save \$4.2 billion. The other would raise \$2.8 billion by allowing companies to spread out their pension fund obligations over a longer period, which is expected to raise taxable income at firms.

Earlier the same day, the Senate rejected by a vote of 57-41 the latest attempt to limit debate on the *American Workers, State, and Business Relief Act* (HR 4213), which would have extended several tax cuts and benefits, and which included the same patch to the SGR as HR 3962. The motion to limit debate required 60 votes to be approved. The months-long effort to pass a package of tax cut extensions and unemployment benefits collapsed amid partisan recriminations. Senate Majority Leader Harry Reid (D-NV) said he would pull the bill from the floor after the Senate failed to invoke cloture, or end debate, on the \$109 billion measure. Finance Chairman Senator Max Baucus (D-MT) has spent weeks modifying tax hike provisions, cutting spending and adding offsets to woo three moderates — Republicans Susan Collins and Olympia J. Snowe of Maine and Democrat Ben Nelson of Nebraska. In the end, they did not budge.

The defeated legislation would have revived expired tax cuts and extended unemployment benefits from the 2009 stimulus law. It also would have provided enhanced federal Medicaid funding to states but, as part of the effort to attract the votes of Republican Senators, would have reduced that assistance to about \$16.2 billion, down from \$24.2 billion in the original version, and offset the cost through spending cuts elsewhere. The only provision in the bill that would not have been offset was an extension of long-term unemployment insurance through Nov. 30. The measure would have added \$33.3 billion over ten years to the deficit.

2. FAMILY PHYSICIANS APPOINTED TO HEALTH INSURANCE CO-OP PANEL

On Wednesday, June 23, GAO announced the appointment of 15 members to the Advisory Board to the Consumer Operated and Oriented Plan (CO-OP) Program. The board, newly created by the Patient Protection and Affordable Care Act, will make recommendations to the Department of Health and Human Services on grants and loans to establish nonprofit, member-run health insurers serving the individual and small-group markets. The health reform law directed the Comptroller General to appoint board members with expertise or experience related to health insurance and health care delivery but without significant interests in the insurance sector. The CO-OP program must award all grants and loans by July 1, 2013; the Advisory Board may continue its work until December 2015.

Among the 15 members appointed on Wednesday, there are three family physicians and members of AAFP:

- **David D. Buck, MD, MPH** is Associate Professor in the Department of Family and Community Medicine at Baylor College of Medicine, and the Founder and President of Healthcare for the Homeless -- Houston, Texas. He is also on the governing board of the Harris County Healthcare Alliance, which has partnered with other local organizations to launch the TexHealth Harris County 3-Share Plan, a program designed to make health benefits affordable for uninsured employees of small businesses.
- **David A. Carlyle, MD** is Co-Medical Director of Homeward Hospice in Ames, Iowa. He is Chair of Iowa's Legislative Health Care Coverage Commission, and served on the state's Legislative Commission on Affordable Health Care Plans for Small Businesses and Families. He also is a member of the Board of Directors of FamMedPAC, the AAFP's political action committee and a former member of the AAFP's Commission on Governmental Advocacy.
- **Michael Pramenko, MD** is the President-elect of the Colorado Medical Society in Grand Junction, Colorado. He previously served two terms as President of the Mesa County Medical Society.

3. HOUSE BUDGET RESOLUTION THREATENS AAFP FUNDING PRIORITIES

On Wednesday, June 23, House Majority Steny Hoyer (D-MD) announced that rather than consider a five- or ten-year budget blueprint, this year's "budget enforcement resolution" will broadly outline discretionary spending for the coming fiscal year only. Although President Obama's budget requested \$1.12 trillion in discretionary spending, House Democrats are preparing a budget enforcement resolution that would provide about \$7 billion less than the President had requested for fiscal year 2011. In response to testimony from AAFP President Lori Heim, MD last May, House Appropriations Chairman David Obey (D-WI) had hinted that the budget cutting mood in the Democratic Caucus would make it very difficult to adequately fund important programs such as Title VII Primary Care Health Professions Training Grants.

The Senate Budget Committee on April 22 approved a budget resolution (S Con Res 60) that would set the spending cap at \$4 billion below the President's request. But the Senate resolution has not come to the floor, and Budget Chairman Kent Conrad (D-ND) said June 22 that the Senate would likely now have to follow the House's lead and move a one-year spending plan.

4 STATES ATTEMPT TO IMPROVE PAYMENT RATES AND CLAIMS PROCESSING

The **Maine** Department of Health and Human Services adopted a rule increasing reimbursement rates under the state's Medicaid program, MaineCare. Rates for non-hospital based physician services increased from 56.94 percent to 70 percent retroactive to March 1, 2010. No procedure codes decreased as a result of the rule.

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 due to objections from the Medical Association of Georgia. Language in the measure likely violates the Employee Retirement Income Security Act (ERISA), a federal law that preempts portions of the state legislation.

Colorado Governor Bill Ritter (D) recently signed several health care bills into law, including:

- [HB 1330](#) – requires the Department of Health Care Policy and Financing (HCPF) to establish an advisory committee to make recommendations for creating an all-payer health claims database in the state;
- [HB 1332](#) – requires HCPF to develop a standardized set of payment rules to be used by all payers and health care providers in the state that can be used by computerized medical claims processing systems; and
- [SB 167](#) – allows the state to recover three times the amount of damages from a company that knowingly submits a false claim for the payment of Medicaid services.

5. EXPANDING COVERAGE: A PRIORITY FOR CONNECTICUT AND HAWAII

Health and Human Services Secretary Kathleen Sebelius announced that **Connecticut** was the first state in the nation to permanently add low-income adults to its Medicaid program under the new federal health reform law, the *Affordable Care Act*. The state's Medicaid program will expand by approximately 45,000 adults, many of whom received coverage through a state-funded program, State-Administered General Assistance. Connecticut will enroll individuals whose annual income is up to 56 percent of the Federal Poverty Line or \$6,650 per year for an individual in 2010. The state will receive federal funding for this coverage expansion retroactive to April 1, 2010.

On July 1, **Hawaii** officials will launch a revised version of a new health plan for low-income non-citizens who have lived in the state for fewer than five years. Basic Health Hawaii is an attempt by the state to transfer immigrants—from Pacific Island nations, including Micronesia, the Marshall Islands and Palau, who live legally in Hawaii but are not eligible for federal medical assistance programs—to a less-costly, less-comprehensive health insurance program.

6. FAMMEDPAC CONTINUES TO SUPPORT KEY LEGISLATORS

Because of the ongoing battle over the physician Medicare payment cuts, health care dominated the discussions at several PAC events this week.

- **Rep. Jan Schakowsky (D-IL)**, who serves on the Health Subcommittee of the House Energy and Commerce Committee. Rep. Schakowsky is a good friend of family medicine and spoke at the PAC's reception at this year's Family Medicine Congressional Conference. Rep. Schakowsky supports a permanent solution to the SGR, much like the

one in the original House health reform legislation. She will support the temporary “fix” at this point, but hopes Congress can move to the permanent fix soon. She commented on the temporary increase in payments for primary care services in the health reform law, and said she wants to look at extending these.

- **Rep. Kathy Dahlkemper (D-PA)**, in her first term, is facing a difficult reelection bid because of her support for the health reform legislation. She expressed her thanks for AAFP’s support and hard work on the legislation. She feels that the word is getting out to her constituents about the positive changes the law will bring and is working to spread the message in her district.
- **Rep. Dan Maffei (D-NY)**, a health reform supporter in his first term, and a candidate supported by FamMedPAC in his initial campaign in 2008. Rep. Maffei had just come from the House floor where he made a very strong statement in favor of a permanent fix to the SGR and called for his colleagues to support the temporary “fix” to stop the impending cuts. He talked about the need to support primary and the importance of encouraging medical students to pursue a career in primary care. His Chief of Staff thanked us for our support and said they would appreciate having AAFP members at their town hall meetings and campaign events in the coming months.
- **Rep. Bill Owens (D-NY)**, a health reform supporter in his first term. We told him of our appreciation for his support and offered our help in his reelection efforts. He welcomed the news, as he is facing a difficult reelection campaign.
- **Rep. Shelley Berkley (D-NV)**, who serves on the Health Subcommittee of the House Ways and Means Committee. Rep. Berkley said she was determined and optimistic that SGR patch would be passed. She stated this on the basis of numerous discussions with the Speaker and the Majority Leader.