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IN THIS REPORT...

1. Medicare SGR Formula Fix In Flux As 21.3 Percent Cut Is Slated For June 1
2. Republican Senators Oppose Nominee To Head CMS
3. AAFP President Testifies Before Congress On Key Health Spending
4. CBO Updates Estimates For Health Reform Law's Authorized Costs
5. HHS Secretary Updates Congress on Early Insurance Market Reforms
6. New MedPAC Appointments Announced
7. FamMedPAC Very Visible During FMCC
8. Arizona Restores CHIP Program and Medicaid Funding
9. New Minnesota Law Creates Minimal Requirements For Child Visits
10. Oregon Expands Medicaid Program, Adding 30,000 New Enrollees
11. Wisconsin To Establish Electronic Medical Records Exchange

NEXT WEEK IN WASHINGTON...

* The House will likely vote on a 5-year fix to the Medicare Physician Payment Formula on Wednesday, May 19

1. MEDICARE PAY FIX IN FLUX AS 21.3 PERCENT CUT IS SLATED FOR JUNE 1

The House Ways and Means Committee is finalizing legislation to extend a number of tax provisions that is expected to offer multi-year relief to physicians facing a June 1 Medicare payment cut, but the details remain in flux. The physician community continues to lobby for a permanent fix to the payment formula, but a permanent solution is highly unlikely this year.

Medicare physician payments are slated to fall by 21.3 percent on June 1. The House probably will act by next Wednesday (May 19) to pass the tax extenders bill (HR 4213), which would return to the Senate for final passage. In the Senate, lawmakers are not unified in what they want to do. Some want a simple five-year extension of the current SGR while others advocate for pegging payments to an inflation index for a number of years.

Senate Republicans may offer an alternative, multi-year payment fix, with a positive update, that is offset using professional liability insurance reforms. However, final action on any bill is unlikely until right before the Senate goes on recess for Memorial Day.

2. REPUBLICAN SENATORS OPPOSE NOMINEE TO HEAD CMS

Donald Berwick, MD, the nominee to lead the Centers for Medicare and Medicaid Services (CMS), traveled to the Capitol on Wednesday, May 12, to meet with a GOP member of the Senate Finance Committee in advance of confirmation hearings. But he had little success in winning over Senator Pat Roberts (R-KS). "Most of us will agree that he is the wrong man, wrong time, wrong job," Sen. Roberts said on the Senate floor after meeting with Dr. Berwick.

Senator Roberts has criticized Dr. Berwick's work on comparative effectiveness research; the results of which the Senator says can be used for rationing care. The research is aimed at determining which treatments and medicines are most effective when compared against one another. But critics say that it can be used to turn people down for treatments that have been determined to be less effective in studies of a broad population. GOP members also have used this argument to criticize the health care reform legislation, which they say will lead to rationing.

Minority Leader Mitch McConnell (R-KY) expressed concerns that the Obama administration chose Berwick to bring health costs down through limiting care. He referenced a report from the Congressional Budget Office that said the overhaul could result in \$115 billion in discretionary spending over ten years, saying it is "reasonable to assume, based on this nominee's views," that rationing will be used to hold down costs.

Sen. Roberts linked Dr. Berwick to the United Kingdom's national health care system, which he says relies on rationing to keep costs down. Dr. Berwick "is a huge fan, a major champion and a contributor to the British health care system, called the NHS," said Roberts. "Why is this important? Because the NHS rations health care."

3. AAFP PRESIDENT TESTIFIES BEFORE CONGRESS ON KEY HEALTH SPENDING

AAFP President Lori Heim, MD appeared before the House Labor, HHS, and Education Appropriations Subcommittee on Wednesday, May 12 to call for a more robust federal investment in primary care funding for programs administered by the Agency for Healthcare Research and Quality (AHRQ) and the Health Resources and Services Administration (HRSA).

Labor-HHS Appropriations Subcommittee Chairman David Obey (D-WI), who recently announced that he will not seek re-election, opened the hearing by explaining that he was not optimistic that he would have an adequate budget allocation to increase the many worthwhile programs under his jurisdiction. In fact, he said that he was retiring because he was "tired of producing bills that are inadequate to meet the needs of the nation."

Dr. Heim, who was one of a number of witnesses who spoke in favor of the Title VII health professions programs, specifically recommended that the Subcommittee provide \$170 million for the Section 747 primary care training program for the coming fiscal year. She also urged the an appropriation of \$414 million for the National Health Service Corps, \$120 million for the Primary Care Extension Service, \$50 million of Teaching Health Centers development grants, and the full authorized amount of \$4 million for the new Rural Physician Training Grants called for in the new health reform law.

Although he rarely commented on the remarks of the many witnesses before the Subcommittee, Chairman Obey told Dr. Heim that he agreed with everything she had said and reiterated his frustration at the tight fiscal year 2011 budget constraints.

4. CBO PUBLISHES ADDITIONAL COST ESTIMATES ON HEALTH REFORM LAW

On Tuesday, May 11, the Congressional Budget Office (CBO) published additional information about the possible impact of the *Patient Protection and Affordable Care Act* (Public Law 111-148), on discretionary spending by the annual federal appropriation process. Critics of the new health reform law seized on this analysis as evidence that it will cost at least \$115 billion more over the next ten years than it originally estimated. However, CBO Director Doug Elmendorf clarified on Thursday, May 13, that the potential discretionary costs identified included programs, such as Title VII, whose funding would be a continuation of current federal spending. It can be found on the CBO's website at <http://www.cbo.gov/doc.cfm?index=11493>.

5. HHS SENDS HEALTH REFORM UPDATE TO CONGRESSIONAL LEADERS

On Monday, May 10, HHS Secretary Sebelius wrote to House and Senate leaders to update them on the progress toward implementing the *Affordable Care Act*. The letter outlines the implementation of important insurance market reforms such as health coverage for adult children; early retirement reinsurance and the end of insurance plan rescissions. The HHS website links to the letter at http://www.healthreform.gov/newsroom/implementation_efforts.html.

6. NEW MEDPAC APPOINTMENTS ANNOUNCED

Gene Dodaro, Acting Comptroller General of the United States and head of the Government Accountability Office (GAO), announced the appointment of four new members and the reappointment of two existing members to the Medicare Payment Advisory Commission (MedPAC) on Friday, May 14.

Family physician Thomas M. Dean, MD, of Wessington Springs, South Dakota and Herb B. Kuhn, President and CEO of the Missouri Hospital Association, were reappointed to terms expiring in April 2013.

The newly appointed members are: Scott Armstrong, President and Chief Executive Officer, Group Health Cooperative; Katherine Baicker, PhD, Professor of Health Economics, Department of Health Policy and Management, Harvard School of Public Health; Mary Naylor, PhD, RN, FAAN, Professor of Gerontology and Director of the NewCourtland Center for Transitions and Health, University of Pennsylvania, School of Nursing; and Cori Uccello, FSA, MAAA, FCA, Senior Health Fellow of the American Academy of Actuaries. Their terms will expire in 2013.

Congress established MedPAC in 1997 to analyze access to care, cost and quality of care, and other key issues affecting Medicare. MedPAC advises Congress on payments to health plans participating in the Medicare Advantage program and providers in Medicare's traditional fee-for-service programs.

7. FAMMEDPAC HIGHLY VISIBLE DURING FMCC

FamMedPAC was very visible this week during the Family Medicine Congressional Conference in Washington, DC. PAC Board Chair Dr. Jim King addressed the attendees at lunch and the PAC Board members and staff answered questions from AAFP members and collected donations at a booth set up throughout the Conference. FMCC attendees donated \$16,590, with 70 percent making a contribution. The PAC participated in the following events this week:

- **Rep. Pete Stark (D-CA):** AAFP President Elect Roland Goertz attended a health care breakfast in Washington, DC for Rep. Stark, the Chair of Ways and Means Health Subcommittee. Rep. Stark re-iterated his interest in making sure physician payments would be authorized for several years, at least. He expressed his interest in helping primary care physicians.
- **Sen. Sherrod Brown (D-OH):** AAFP members Drs. Candace Ireton and John Di Sabato attended a reception in Washington, DC, for their Senator. They were the only physicians in attendance. The Senator spoke about health reform's focus on primary care. Dr. Ireton and Dr. Di Sabato spoke to him about community health clinics and family medicine residency programs and the need for increased support.
- **Rep. Nancy Pelosi (D-CA):** The PAC was represented at a health care breakfast for the Speaker of the House. More than 15 medical specialty societies also attended. The Speaker made note of the need to educate the country about the benefits of the recently passed health reform bill. She talked at length of the need to promote primary care and the benefits

to primary care physicians in the bill. She said the House would address the Medicare payment formula this month and that she hopes for a five-year “fix” followed by a permanent repeal of the SGR.

8. ARIZONA RESTORES CHIP PROGRAM AND MEDICAID FUNDING

Governor Jan Brewer (R) signed legislation to restore \$385 million to the state's Medicaid program. The funding cut approved by the Governor in March as part of the state's FY 2011 budget would have dropped more than 310,000 people from the program effective January 1. The new law also reauthorizes and finances the state's Children's Health Insurance Program, which covers 47,000 low-income children. The shift in state policy follows the enactment of the federal health care legislation, which requires states to continue funding health care programs at current levels or forfeit all future federal funding.

9. NEW MINNESOTA LAW CREATES MINIMAL REQUIREMENTS FOR CHILD VISITS

Minnesota Governor Tim Pawlenty (R) recently signed a measure (SF 633) concerning primary care preventive services provided during child and teen visits. Under the new law, such visits with patients enrolled in Medicaid must include:

- a general visual examination of the child's mouth without using dental equipment;
- a risk assessment using the factors established by the American Academies of Pediatrics and Pediatric Dentistry; and
- fluoride varnish application beginning at age 1 to those children assessed as being high risk.

As of August 1, 2010, at each checkup, providers must inform parents on caries etiology and prevention and on the importance of finding a dental home for children by the age of one. The provider must also advise the parent to contact the child's managed care plan or the Department of Human Services in order to secure an appointment with a dentist. The child's medical record must reflect that the parent was provided with this information and that primary caries preventative services were provided.

10. OREGON EXPANDS MEDICAID PROGRAM, ADDING 30,000 NEW ENROLLEES

Legislation passed by the Oregon legislature in 2009 will soon make available the funding needed to expand coverage under the state's Medicaid program. The state will randomly select 30,000 eligible adults from the pool of applicants. Although nearly 140,000 qualify based on income, only 25,700 adults currently are enrolled in the program. The plan covers physician services, prescription drugs, mental health and addiction services, emergency medical services, and limited dental, hospital and vision services. Adults pay a monthly premium up to \$20, depending on income and household size. Under the Oregon Healthy Kids program, all Oregon children, regardless of income, are eligible for health care coverage.

11. WISCONSIN TO ESTABLISH ELECTRONIC MEDICAL RECORDS EXCHANGE

On May 10, Governor Jim Doyle (D) signed into law 10 bills, including AB 779, which establishes a statewide electronic medical records (EMR) exchange. The measure will allow providers to securely share electronic patient data to avoid duplicative tests, improve health outcomes, and decrease costs. Wisconsin is receiving \$9.4 million under the American Recovery and Reinvestment Act for the planning and development of the statewide network. The new law also paves the way for hospitals to receive between \$500 million to \$800 million in incentive payments to establish and use EMR systems. To be eligible for federal funding, states must have the technological infrastructure in place to allow providers to exchange EMR. The Governor also signed SB 127—which amends notification requirements to the state regarding medical malpractice claims—and SB 667, which requires behavior analysts to be licensed and mandates insurance coverage for autism treatment.