

July 22, 2011

IN THIS REPORT...

1. Bipartisan Senate Proposal Includes Repeal of SGR
2. House Deficit Reduction and Balanced Budget Bill Dies in Senate
3. AAFP Comments on Electronic Prescribing Incentive Program
4. FamMedPAC Issues Second Quarter Report
5. Regulatory Briefs

NEXT WEEK IN WASHINGTON...

- * The Senate is scheduled to remain in session on Saturday, July 23, in case the chamber has an opportunity to consider legislation to raise the debt ceiling.
- * On Tuesday, July 26, CMS will sponsor a conference call on the Physician Quality Reporting System and the Electronic Prescribing Incentive program (see the Regulatory Briefs)
- * On Wednesday, July 27, CMS will hold a call on the 2013 hospital value-based purchasing program, details below.
- * On Thursday, July 28, CMS hosts a day-long meeting of the Advisory Panel on Outreach and Education (APOE) for the Medicare, Medicaid, and Children's Health Insurance Programs.

1. BIPARTISAN SENATE PROPOSAL FOR DEFICIT REDUCTION WOULD REPEAL SGR

The deficit reduction plan proposed by a bipartisan group of six Senators will probably not serve as the legislation needed to increase the debt limit, if for no other reason than it would take too long for the Congressional Budget Office to assess the proposal's impact on the federal budget. According to its authors, the proposal would reduce future deficits by \$3.7 trillion over the decade through a combination of revenue increases and spending cuts in domestic, defense and entitlement programs. It is notable that the proposal explicitly called for repeal of the Sustainable Growth Rate (SGR) formula that shapes Medicare's physician payment rates. The proposal noted that the nearly \$300 billion it would cost to pay for repeal would be offset in other health savings. There is widespread speculation that these savings would include significant reductions in Medicare's Graduate Medical Education (GME) funds, among other reductions.

Today, the AAFP and the four academic Family Medicine organizations signed a letter to the sponsors of the proposal to ask them to include in their SGR provision at least a 3-percent higher payment rate for primary care physicians providing primary care services. The recommendation was based on evidence that a health care system built on primary care is more efficient and more effective than the current manner in which health care is delivered. The letter also urged the Senators to forego reducing GME or at least protecting GME payments to primary care programs. (The letter will be posted on the AAFP website next week.)

2. HOUSE VOTES ON DEFICIT REDUCTION PLAN

On a largely party line vote of 234-190, the House passed a conservative deficit reduction plan (HR 2560) known as *Cut, Cap and Balance* on Tuesday, July 19. The bill, which faces a veto threat from President Obama, seeks to cut mandatory and discretionary spending; raise the government's current borrowing cap of \$14.3 trillion to avoid defaulting on debt obligations on August 2; and require a balanced budget amendment to the Constitution. The Senate tabled the bill by a vote of 51 to 46 on Friday, July 22, effectively preventing its consideration.

Raising the debt ceiling is important to family physicians for several reasons. First of all, if it is not increased by the August 2 deadline, it is possible that Medicare and Medicaid payments to physicians cannot be made. Secondly, if raising the debt ceiling is tied to reductions in federal spending, then significant cuts may be in the offing for primary care physicians, educators, residents, students and patients.

3. AAFP COMMENTS ON PROPOSED CHANGES TO ELECTRONIC PRESCRIBING

In a July 18 comment [letter](#), the AAFP responded to the Centers for Medicare & Medicaid Services' [proposed](#) "Changes to the Electronic Prescribing Incentive Program." The AAFP expressed appreciation that CMS recognized the need to permit additional significant hardship exemption categories in 2011 to help more physicians avoid the 2012 electronic prescribing penalty. In addition, the AAFP supported the provision that would offer an extended timeframe for physicians to request a hardship exemption. The AAFP concurred with a proposal to better align electronic prescribing requirements with the Medicare and Medicaid Electronic Health Record Incentive programs as well as with Medicare Part D standards.

Though falling outside the scope of this proposed regulation, the AAFP urged CMS to provide additional guidance in the final rule on the term "area with limited available pharmacies" and advised that the agency should not impose any new administrative burdens that require a physician practice to manage or collect data on pharmacies used by their patients.

4. FamMedPAC REPORTS TO DONORS AND MEETSTWO NEW YORK LEGISLATORS

This week, the Chair of the FamMedPAC Board of Directors, Dr. Jim King, sent the July 2011 [PAC Report](#), highlighting the PAC's activities for the second quarter, to all PAC donors.

In addition, FamMedPAC participated in two meetings this week with Representatives who are reaching out to the physician community:

- **Rep. Joe Crowley (D-NY)** serves on the House Ways and Means Committee and in House Democratic Leadership as Chief Deputy Whip. Rep. Crowley talked about the deficit reduction/debt ceiling talks, the prospects for finding offsets for a fix to the SGR, and funding for GME.
- **Rep. Tom Reed (R-NY)** is a first-term legislator, newly appointed to the House Ways and Means Committee. Rep. Reed met with several physician specialty representatives to learn more about the concerns of the physician community. The conversation focused on the deficit reduction/debt ceiling talks, but also touched on the SGR fix, the new ACO regulations, and GME funding.

5. REGULATORY BRIEFS

- On July 14, the Department of Health and Human Services and Education [awarded](#) \$95 million in grants to 278 school-based health centers to help the centers expand and provide additional health services across the country. The grants are part of a \$200 million program created by the *Affordable Care Act* to fund the School-Based Health Center Capitol [program](#).

- On July 18, CMS issued a proposed [rule](#) for Consumer Operated and Oriented Plans (CO-OPs). As called for in the *Affordable Care Act*, CO-OPs will be private, non-profit and consumer-governed health insurance plans. CMS posted further information [online](#) and issued a [fact sheet](#).
- On July 19, CMS proposed a national coverage determination that, if finalized, would add [alcohol screening and behavioral counseling](#) and [screening for depression](#) as Medicare covered preventive services. Under the new proposals, Medicare would cover an annual alcohol misuse screening by a beneficiary's primary care provider. The benefit would also include four behavioral counseling sessions per year if a beneficiary screens positive for alcohol misuse. Medicare would also cover an annual screening for depression in primary care settings that offer staff-assisted depression care, so beneficiaries can receive an accurate diagnosis, effective treatment, and follow-up. Comments to the agency are due August 19.
- On July 19, the Institute of Medicine issued to HHS a non-binding [recommendation](#) that eight preventive health services for women be added to the list of services that new health plans would be required to cover at no cost to patients. HHS will now consider this recommendation. These services include:
 - Human papillomavirus (HPV) testing as part of cervical cancer screening for women over 30;
 - Counseling on sexually transmitted infections;
 - Counseling and screening for HIV;
 - Contraceptive methods and counseling to prevent unintended pregnancies;
 - Lactation counseling and equipment to promote breast-feeding;
 - Screening and counseling to detect and prevent interpersonal and domestic violence; and
 - Early well-woman preventive care visits to obtain recommended preventive services.
- On Tuesday July 26 from 1:30pm – 3:00pm ET, CMS scheduled a call on the Physician Quality Reporting System & Electronic Prescribing Incentive Program. [Registration](#) for this free call is also required and CMS already posted a related [presentation](#).
- On July 27 from 1:00pm – 3:00pm ET, CMS will host a conference call on the 2013 hospital value-based purchasing program. CMS has posted a related presentation [online](#). Participants should dial 1-800-837-1935 and reference 79533903.
- On August 3 from 1:00 to 3:00pm ET, CMS will conduct a conference call on the implementation strategies for physicians to transition to ICD-10. [Registration](#) is required.
- On August 18 from 1:30 to 3:00pm ET, CMS will conduct a free call on the Medicare and Medicaid EHR Incentive Programs. Registration for this call is required and details will eventually be posted [online](#).
- CMS recently [announced](#) that August 22 – 26 will be the national 5010 testing week. All *HIPAA* covered entities must comply with Version 5010 by January 1, 2012 and CMS urges entities to begin taking steps to get ready.
- This week CMS announced that the second Medicare Accountable Care Organization (ACO) accelerated development learning session will be held in San Francisco, CA on September 15-16. [Registration](#) is required.