

September 23, 2011

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1. SENATE'S HHS FUNDING BILL ADVANCES OVER GOP'S OBJECTIONS

A Senate Appropriations panel on Tuesday, September 20, approved a spending bill for labor, health and education programs that includes funding to implement the 2010 health care law, despite intense GOP objections. The Labor-HHS-Education Subcommittee approved, by a vote of 10-8, a bill which calls for level-funding of Title VII Section 747 and most of the other health professions programs. However, the bill would eliminate funding for the Health Careers Opportunity Program (HCOP). The new Teaching Health Centers Planning grants and the Rural Physicians Training Program, authorized by the *Affordable Care Act (ACA)*, were not funded. The National Health Service Corps was level-funded.

The panel's Ranking Republican, Sen. Richard C. Shelby (R-AL), said the measure includes roughly \$4.5 billion to fund the ACA and maintained that he would not vote for a bill that includes money to implement the law.

Overall, the bill cuts HHS discretionary spending by 0.37 percent compared to current funding. It includes \$581 million for health care fraud and abuse control activities at the Centers for Medicare and Medicaid Services, a \$270.6 million increase over FY 2011.

2. THE HOUSE APPROVES TEMPORARY SPENDING BILL, SENATE REJECTS IT

As the end of FY 2011 approaches, the House early Friday, September 23 approved, by a vote of 219 to 203, a continuing resolution that would fund the government through November 18. Approval came after a surprise defeat for an earlier version of the bill that did not include budget offsets for disaster assistance programs. Passage of the second version of the bill, which does include reductions in some environmental and energy programs to partially offset funding for disaster relief, set the stage for another fight with the Democratic-controlled Senate that could result in a government shutdown next week. The Senate majority objects to the precedent of

requiring offsets for disaster assistance and supports funding for the energy and environment programs.

Consequently, later on Friday, the Senate blocked the House temporary funding bill on a 59-36 vote, intensifying the fight between the two bodies ahead of a September 30 deadline to keep the government operating.

3. AAFP MEMBERS CALL ON CONGRESS TO REPEAL THE SGR

At the beginning of August 2011, six Democrats and six Republicans were named to a "supercommittee" tasked with creating a plan to reduce the federal deficit by \$1.5 trillion over the next 10 years. The AAFP is calling on the supercommittee to act now and repeal the flawed sustainable growth rate in Medicare's physician payment formula. Since the AAFP's grassroots campaign was launched only a few days ago at the Annual Assembly, 87 letters have been sent to legislators in 19 states. AAFP members also have met with at least 5 of the 12 members of the Supercommittee or their staff, including two meetings that are scheduled next week.

4. WAYS & MEANS HEARING ON EXPIRING MEDICARE PAYMENT PROVISIONS

On Wednesday, September 21, the House Ways and Means Subcommittee on Health held a hearing to explore the value of some expiring Medicare provider payments. A single panel was comprised of the following witnesses:

- Rich Umbdenstock, American Hospital Association, [Testimony](#)
- Stephen Williamson, American Ambulance Association, [Testimony](#)
- Robert Wah, MD, American Medical Association, [Testimony](#)
- Justin Moore, American Physical Therapy Association, [Testimony](#)
- Bruce Steinwald, Steinwald Consulting, [Testimony](#)

In his opening remarks, Subcommittee Chairman Wally Herger (R-CA) noted that a number of Medicare provider payments will soon expire unless Congress intervenes. He then pointed out that extending these provisions costs the federal government about \$25 billion over ten years.

The senior Democrat on the panel, Rep. Pete Stark (D-CA) pointed out that many of these provisions are a consequence of the dysfunctional sustainable growth rate SGR formula and several are directed toward the most needy and vulnerable of the Medicare program.

The SGR was not the focus of the hearing but was mentioned throughout. But in response to questioning by Rep. Mike Thompson (D-CA), Mr. Steinwald indicated SGR was not included in the list of provisions addressed in his testimony because he was told not to address it. The testimony of the AMA dwelled on the Work Geographic Physician Cost Index (GPCI), mental health supplemental payments and a program that allows independent labs to bill Medicare directly for inpatient lab services that are outsourced.

Bruce Steinwald, formerly with the Government Accountability Office (GAO), was the "wet blanket" witness saying that these various exceptions undermine the integrity of the Medicare payment policy. He urged Congress to be skeptical and critical of renewing these expiring provisions. He said each should be scrutinized according to: (1) affordability; (2) compelling beneficiary need; and (3) whether a formula change is needed rather than an exception.

Rep Stark pressed the AMA witness to agree that the work value of services should not vary geographically.

Reps. Tom Price (R-GA) and Vern Buchanan (R-FL) both raised the issue of medical liability and the \$60 billion in savings that the Congressional Budget Office (CBO) estimates tort reform

could generate. But Mr. Steinwald clarified that the CBO analysis only attributed 0.5 percent to decreased volume due to a reduction in “defensive medicine.” Rep. Price took issue with that saying he believes defensive medicine contributes more than \$60 billion to the nation’s health care bill. He also promoted the notion of private contracting but could not get Mr. Steinwald to agree that doctors should be allowed to use balance billing and private contracting if Medicare cannot afford the care.

Rep. Ron Kind (D-WI) praised the Dartmouth Atlas studies and engaged the AMA witness in a discussion of moving the health system from volume to value. Dr. Wah delineated the things necessary to accomplish delivery system reform followed by payment reform. And Rep. Kind remarked that the description sounded a lot like the *Affordable Care Act*.

5. HOUSE PASSES REAUTHORIZATION OF CHILDREN’S HOSPITAL GME

On Tuesday, September 20, the House passed by voice vote the *Children’s Hospital GME Support Reauthorization Act* (HR 1852) that would reauthorize the Children’s Hospitals Graduate Medical Education program at the current level of \$330 million annually through fiscal 2016. President Obama zeroed out funding for the program in his FY 2012 budget proposal.

6. AAFP COMMENTS ON PROPOSED METADATA STANDARDS

The AAFP sent the Office of the National Coordinator for Health Information Technology, an office within the U.S. Department of Health & Human Services, a comment [letter](#) on Wednesday, September 21 in response to a proposed [rule](#) on the creation of metadata standards (privacy, patient identity, and provenance) for health information exchange. The AAFP expressed concerns with the proposals and offered suggestions on how to create an interoperable infrastructure that is needed to support health information exchange in the clinical environment.

7. FamMedPAC KEEPING HIGH PROFILE IN WASHINGTON

FamMedPAC continues to help raise the profile of family medicine in Washington, D.C. The PAC participated in events for the following Members of Congress this week:

- **Rep. Jan Schakowsky (D-IL)**, a member of the House Energy and Commerce Committee Health Subcommittee, and a Chief Deputy Whip for the Democrats.
- **Rep. Allyson Schwartz (D-PA)**, who is taking the lead for the House Democrats on the SGR issue.
- **Rep. Charles Boustany (R-LA)**, a thoracic surgeon and a member of the House Ways and Means Health Subcommittee.
- **Rep. Leonard Lance (R-NJ)**, a new member of the House Energy and Commerce Health Subcommittee.
- **Rep. Nancy Pelosi (D-CA)**, the Minority Leader of the House.

8. REGULATORY BRIEFS

- In late August, CMS’s Center for Medicare & Medicaid Innovation launched the Bundled Payments initiative which is designed to improve care for patients while they are in the hospital and after they are discharged. The deadline for organizations interested in applying to the Bundled Payments initiative was in late September, but CMS extended to Oct.6 for non-binding letters of intent and Nov. 18 for applications. More information can be found on the Innovation’s [website](#).
- On September 19, the U.S. Department of Health & Human Services (HHS) provided more [information](#) to states on the Exchange Partnership Opportunities. The Partnership model describes Exchanges where both HHS and a state work together to operate different functions of the Exchange. As called for in the *Affordable Care Act*, state-based Exchanges will be available in 2014.

- On September 20, HHS [awarded](#) \$109 million to 28 states and the District of Columbia to “help fight unreasonable premium increases and protect consumers”. HHS also released a new report entitled [Rate Review Works](#) detailing how previous rate review grants are fighting premium hikes and helping make the health insurance marketplace more transparent. As of September 1, 2011, the *Affordable Care Act* requires health insurers seeking to increase their rates by 10 percent or more in the individual and small group market to submit their request to experts to determine whether the rates are unreasonable.
- On September 21, the National Center for Health Statistics at the Centers for Disease Control and Prevention (CDC) released [data](#) illustrating that the *Affordable Care Act* has helped increase the number of young adults who have health insurance. According to the data, in the first quarter of 2011, the percentage of adults between the ages of 19 and 25 with health insurance increased by 3.5 percentage points, representing approximately 1 million additional young adults with insurance coverage compared to a year ago.
- On September 22, the HHS [announced](#) \$224 million to help at-risk families voluntarily receive home visits from nurses and social workers to improve maternal and child health, child development, school readiness, economic self-sufficiency, and child abuse prevention. As part of the Maternal, Infant, and Early Childhood Home Visiting ([MIECHV](#)) Program, these grants are funded by the *Affordable Care Act* and are awarded to state agencies that applied for the grants in 49 states across the country.

9. MACPAC HIGHLIGHTS THE NEED TO INCREASE PRIMARY CARE PAYMENT

The Medicaid and CHIP Payment and Access Commission (MACPAC) held public meetings on Capitol Hill on Thursday and Friday to discuss priorities for the upcoming 2011-2012 year. They heard testimony from Gail Wilensky, PhD, Senior Fellow from Project HOPE on Assessing the Value in Medicaid and from Margaret O’Kane, President of the National Committee for Quality Assurance and Jeff Schiff, MD, MBA, Medical Director of the State of Minnesota’s Public Programs on Linking Payment to Quality in Medicaid Services. There was broad agreement on the need to integrate care for dual eligibles in order to avoid coverage gaps, especially in oral and mental health.

The members of MACPAC discussed the lack of medical students electing to go into family medicine because of salary disparities. There was a consensus supporting higher reimbursement rates for family physicians to reduce the differentiation that exists within fee for service. MACPAC members felt that effectively evaluating/reporting and recognizing high performing and/or substantial improvement measures taken by family physicians participating in for fee-for-service programs would be a good first step.

They also emphasized the importance of states, hospitals, and doctors sharing evidence-based, "best practices" to encourage quality and uniformity across all care providers. They discussed the vitality of Accountable Care Organizations (ACOs) as the ultimate construct for efficiency and coordinated care. Though expensive at the beginning stages, the long-term value will greatly outweigh the start-up costs.