

April 27, 2012

## IN THIS REPORT...

1. House Committee Approves Deep Cuts to HHS Spending
2. Liability Reform, Medicaid and Health Reform Cuts Are Offered
3. Bipartisan Support for Avoiding Student Loan Rate Hike Blocked
4. Senate HELP Committee Approves FDA User Fee Reauthorization
5. Regulatory Briefs
6. FamMedPAC Update
7. Prescription Drug Abuse Legislation Passes in Kentucky

### NEXT WEEK IN WASHINGTON...

- \* The House and the Senate will be in recess until May 7.

## 1. HOUSE APPROPRIATIONS ACTION THREATENS SEVERE HHS SPENDING CUTS

The House Appropriations Committee approved its allocations for each of the 12 fiscal subcommittees. The party-line vote of 28 to 21 formalizes the \$1.028 trillion discretionary spending level outlined in the House budget resolution (H Con Res 112) set out in the House Budget Resolution last month.

The Labor, Health and Human Services and Education spending bill and the Transportation and Housing and Urban Development bill will absorb more than half of the \$19 billion in discretionary spending cuts that House appropriators must identify for FY 2013. Although the allocation of \$150 billion for the House Labor-HHS spending bill does not bode well for the AAFP request for an increase in Title VII primary care grants and other accounts, the Senate's subcommittee allocation is over \$157.7 billion (which is a 1-percent increase over the FY 2012 level).

The AAFP late yesterday filed a written [statement](#) for the record with the Senate Appropriations Committee detailing our priorities for the FY 2013 HHS spending bill. Beside funding for primary care grants, these priorities include funding for Teaching Health Centers, Rural Physician Training Grants, the National Health Service Corps, the Primary Care Extension Program and the National Health Care Workforce Commission.

## 2. HOUSE RECONCILIATION BILLS SEEK LIABILITY REFORM, MEDICAID CUTS

On Wednesday, April 25, the House Judiciary Committee advanced, by a vote of 16 to 14, a draft budget measure that would cut federal spending by \$39.7 billion over 10 years by overhauling the medical liability system. The bill would cap non-economic damages at \$250,000, limit attorneys' fees and establish a statute of limitations for filing health care lawsuits. Last March, the House passed these medical liability changes as part of a package (HR 5) to

repeal a Medicare cost-cutting board created by the 2010 health care law (PL 111-148, PL 111-152).

Also on April 25, the House Energy and Commerce Committee approved by voice vote a measure that would specify nearly \$115 billion in projected health care savings. The cuts proposed for Medicaid and important health care reform programs would strip \$14.5 billion from state-based “exchange” funds, \$11.9 billion from the prevention fund, and \$872 million from the Consumer Operated and Oriented Plan (CO-OP) program.

The AAFP joined 16 other organizations in the Partnership for Medicaid in signing a [letter](#) to members of the Energy and Commerce Committee opposing those cuts.

### **3. BIPARTISAN SUPPORT FOR AVOIDING STUDENT LOAN RATE HIKE HAMPERED**

Unless Congress acts, the interest rate on federally subsidized student loans is set to double on July 1 from the current rate of 3.4 percent. Both parties agree on that the student loan interest rate break should be extended but disagree adamantly about how to pay for it.

The House on Friday, April 27, on a vote of 215 to 195, passed legislation (HR 4628) to continue subsidizing the student loan interest rate keeping it at its current rate and paying for the subsidy by eliminating a fund in the 2010 health care law that covers prevention and public health. The Congressional Budget Office (CBO) estimates that it would cost \$6 billion to extend the 3.4-percent student loan interest rate for one year. The CBO found that the House bill’s repeal of the prevention fund would save \$12 billion. House Republicans have called for the surplus savings to go toward deficit reduction. The White House issued a [Statement of Administration policy](#) threatening to veto the House-passed bill.

The Senate is expected to vote on May 8 on a bill (S 2343) to pay for the one-year student loan rate cut by ending a corporate tax break. Democrats in both chambers are expected to oppose the House Republican plan to take billions out of the health care reform law’s Prevention and Public Health Fund.

### **4. SENATE COMMITTEE VOTES TO CONTINUE FDA USER FEES**

On April 25, the Senate Health, Education, Labor and Pensions (HELP) Committee approved by voice vote a draft bill to reauthorize for five years the Food and Drug Administration’s user fees program. The draft would also set up user fee programs for generic drugs and generic biologic drugs. The current *Prescription Drug User Fee Act (PDUFA)* authority (PL 110-85) expires on September 30.

The panel also adopted by unanimous consent an amendment by Chairman Tom Harkin (D-IA), and Senator Michael B. Enzi (R-WY), who is the senior Republican on the committee. The amendment would permanently reauthorize two programs aimed at encouraging manufacturers to conduct pediatric studies on their products. A draft user fee bill released last week by the House Energy and Commerce Subcommittee on Health and slated for markup May 8 also would also permanently reauthorize the pediatric programs.

### **5. FAMMEDPAC UPDATE**

Since January 1, 2011, FamMedPAC, using the direct marketing program, chapter champions at meetings, and soliciting at national and regional meetings, has received a total of \$618,395 from 2,027 AAFP members, with an average donation of \$305.

So far in the 2012 election cycle, the PAC made a total of \$442,000 in campaign contributions to 95 campaigns and committees. Contributions have gone to both parties: \$207,000 to Republicans and \$235,000 to Democrats and one Independent.

Government Relations staff attended the following PAC events this week:

- **Sen. Orrin Hatch (R-UT)**, as senior Republican of the Senate Finance Committee, is deeply involved in all aspects of health care legislation.
- **Rep. Pat Tiberi (R-OH)** serves on the House Ways and Means Committee.
- **Sen. Sheldon Whitehouse (D-RI)** serves on the Senate HELP Committee.
- **Rep. Lucille Roybal-Allard (D-CA)** serves on the House Appropriations Committee and supports Title VII primary care grant funding.
- **Rep. Kevin McCarthy (R-CA)** is the House Majority Whip. Joining Rep. McCarthy at this event were Rep. Scott DesJarlais, MD (R-TN), who is a family physician, and Rep. Jim Runyan (R-NJ).

## 6. REGULATORY BRIEFS

- CMS posted the transcript from a March 28 [call](#) regarding the Initial Preventive Physical Exam (IPPE) and the Annual Wellness Visit (AWV).
- On April 3, CMS in partnership with Medscape posted CME modules entitled, [CMS and Primary Care: A New World](#) and [Bundled Payment Pilot Offers Incentives for Coordinated Care](#).
- On April 23, HHS announced that Louisiana is the first state to issue an incentive payment to a Medicaid eligible professional for demonstrating meaningful use of certified electronic health record (EHR) technology for the Medicaid EHR Incentive Program. The Louisiana Department of Health and Hospitals made the payment to the Winn Community Health Center, a federally qualified health center.
- On April, 23, the annual Medicare Trustees [report](#) was released. It shows that the Hospital Insurance Trust Fund is expected to remain solvent until 2024, which is the same as last year's estimate. The report projects that the Supplementary Medical Insurance Trust Fund is financially balanced because beneficiary premiums and general revenue financing are set to cover expected program costs.
- CMS reopened the Quality Reporting Communication Support Page to allow physicians to request a significant hardship exemption for the 2013 Electronic Prescribing (eRx) payment adjustment. CMS will accept hardship exemption requests through June 30, 2012. For further details, a CMS educational [article](#) and related *AAFP News Now* [article](#) are available.

## 7. PRESCRIPTION DRUG ABUSE LEGISLATION PASSES IN KENTUCKY

On Friday, April 20, the Kentucky legislature passed a bill regarding prescription drug abuse. Although curbing prescription drug abuse is one of family medicine's top priorities, the **Kentucky AAFP** joined the Kentucky Medical Association in opposing the bill ([HB 1](#)). The KAFP and KMA oppose the bill over concerns that moving the KASPER (Kentucky All Schedule Prescription Electronic Reporting) system to the state Attorney General's office so that it could be used as a "law enforcement tool" will put patient privacy at risk. Although the Governor is expected to sign the bill, the Kentucky chapter and the KMA will analyze the final substance of that bill and provide information for members.