

February 17, 2012

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NEXT WEEK IN WASHINGTON...

* The House and Senate will return on February 27 after the President's Day recess.

1. AAFP PRESIDENTS ADVOCATE FOR FAMILY MEDICINE TO CONGRESS AND CMS

On February 13 and 14, AAFP president Glen R. Stream, MD, President-elect Jeffrey J. Cain, MD, and Board Chair Roland A. Goertz, MD met with legislators and officials from the Centers for Medicare & Medicaid Services (CMS) to discuss upcoming cuts to the Medicare sustainable growth rate formula (SGR), the *Primary Care Workforce Improvement Act* (HR 3667), and other issues of interest to AAFP members.

During a meeting with CMS Acting Administrator Marilyn Tavenner, the leadership discussed the Academy's Payment Reform Task Force as it relates to the agency's preparation of the 2013 proposed Medicare physician fee schedule. As part of this conversation, the AAFP urged CMS to release data on the Primary Care Incentive Program and to continue working with the AAFP on the development of the Comprehensive Primary Care Initiative. They discussed the *Primary Care Workforce Improvement Act* and asked CMS to work closely with Congress as they debate the bill.

The AAFP leaders took our message to Reps. Michael Burgess, MD (R-TX), Cathy McMorris-Rodgers (R-WA), Tom Price, MD (R-GA), Jim McDermott, MD (D-WA), Rodney Alexander (R-LA), Mike Simpson, DDS (R-ID) and Nan Hayworth, MD (R-NY) and Sens. John Cornyn (R-TX), Ben Cardin (D-MD), and Maria Cantwell (D-WA).

2. CONGRESS PASSES TEN MONTH SGR PATCH, OBAMA EXPECTED TO SIGN

During their visits the AAFP leadership urged legislators to repeal the flawed formula or at least provide a period of stability to the program. However, Congressional leadership and conference committee negotiators came to an agreement on a 10-month extension to maintain Medicare payments at 2011 levels through the end of this year which CBO estimates will cost \$18 billion through 2022. On Friday, February 17, the House passed the *Temporary Payroll Tax Cut Continuation Act* (HR 3630) by a bipartisan vote of 293 to 132, and the Senate then sent it to the President by a vote of 60 to 36.

The final bill, which the President is expected to sign, requires the Government Accountability Office and HHS to submit reports to assist Congress in the development of a replacement to the current Medicare physician payment system. In addition, the bill extends the Physician Work Geographic Adjustment that increases payments to physicians in the 54 of the 89 Medicare geographic areas that would otherwise have an adjustment value below the floor and requires MedPAC to examine whether any work geographic adjustment is needed.

The public health community had raised serious concerns that Congress offset a portion of the bill's cost with a \$5 billion cut in the Prevention and Public Health Fund established by the *Affordable Care Act*.

3. OBAMA BUDGET FREEZES FM TRAINING GRANTS, ELIMINATES AHECS, HCOPS

In an about face from the FY 2012 request, President Barack Obama's budget for FY 2013 eliminated two diversity and pipeline Title VII programs: Health Careers Opportunity Program (HCOP) and the Area Health Education and Training Centers (AHECs). It also effectively proposed a freeze for Title VII Section 747 family medicine training grants.

The budget requested \$51 million for Section 747, the Primary Care Training and Enhancement program which is below the FY 2012 request of \$140 million but above both the current level of \$39 million as well as the House Republican FY 2012 proposal which sought to eliminate the program. Unfortunately, the Administration's budget called for all of the \$12 million increase to go for training physician assistants. The AAFP will continue to press for additional Title VII funds for family medicine training.

The President's budget also sought to trim Medicare Graduate Medical Education spending at the recommendation of MedPAC. In addition, the request did not call for any appropriated funds for the National Health Service Corps which is funded in FY 2013 by \$300 million in monies made available in the *Affordable Care Act* for a modest increase above the \$295 million of ACA funds devoted to the NHSC in FY 2012. Additional information about AAFP priorities within the President's plan for FY 2013 is available in the summary at the end of this document.

4. FAMMEDPAC RAISING VISIBILITY OF FAMILY MEDICINE

FamMedPAC participated in one fundraising event this week and a meeting with the House Republican campaign committee.

- **Rep. Jesse Jackson, Jr. (D-IL):** GR staff attended a Washington, DC fundraising reception for Rep. Jackson, a member of the House Appropriations Committee who serves on the subcommittee which sets the HHS spending levels. Rep. Jackson has held several meetings with Illinois AFP members, both in the state and in Washington, and is a strong supporter of family medicine.
- **National Republican Campaign Committee (NRCC):** AAFP was one of several physician groups at a meeting this week with the Director of the NRCC to discuss our concerns with how Congress is handling the SGR issue. The groups expressed frustration at yet another SGR patch. Similar meetings are scheduled with the Democratic campaign committees in the coming weeks.

5. AAFP GRASSROOTS ACTIVELY PROMOTE OUR MESSAGE

Three Speak Out action alerts are currently active. To date, 521 members have sent 1,591 letters to Congress urging that the SGR be repealed. 264 members of the Connect for Family Medicine group have sent 271 letters to the House of Representatives explaining how the SGR could be paid for with excess military funds now that the Iraq War is over. Key Contacts have started calling legislators asking them to sign a Dear Colleague letter being circulated by Reps.

McMorris-Rodgers and Thompson to gather support for the AAFP-supported *Primary Care Workforce Access Improvement Act*.

6. REGULATORY BRIEFS

- On February 13, the National Health Service Corps (NHSC) [awarded](#) \$9.1 million in funding to medical students in 30 states and DC who will serve as primary care doctors and help strengthen the workforce in medically underserved communities.
- On February 14, the US Attorney General and HHS Secretary [announced](#) that the annual Health Care Fraud and Abuse Control Program (HCFAC) [report](#) shows that the government's health care fraud prevention and enforcement efforts recovered nearly \$4.1 billion in fiscal year 2011. For more information on joint DOJ-HHS Strike Force activities, visit: www.StopMedicareFraud.gov/.
- On February 14, CMS released a [proposed rule](#) which would "require providers and suppliers receiving funds under the Medicare program to report and return overpayments by the later of the date which is 60 days after the date on which the overpayment was identified; or any corresponding cost report is due, if applicable." The rule applies to Medicare Parts A & B. Retention of the overpayment beyond the deadline may result in *False Claims Act* liability. Comments on the proposal are due April 16, 2012. Examples of overpayments in Medicare include:
 - Duplicate submission of the same service or claim ;
 - Payment to the incorrect payee;
 - Payment for excluded or medically-unnecessary services; and
 - Payment for non-covered services.
- On February 16, HHS announced that they intend to delay International Classification of Diseases, 10th Edition diagnosis and procedure codes (ICD-10) compliance date. Citing President Obama's commitment to reducing regulatory burden, HHS announced they act to postpone the ICD-10 compliance date. The final rule adopting ICD-10 as a standard was published in January 2009 and had a compliance date of October 1, 2013. HHS will eventually announce a new compliance date.

7. INDIANA AFP ACTIVE ON LOCAL CLEAN INDOOR AIR

In Indianapolis, Mayor Greg Ballard (R) vetoed Proposal 18. The mayor noted that this would force exempted businesses to pick between allowing patrons to smoke or allowing children on the premises. Despite the **Indiana AFP's** strong support of the measure, the Indianapolis City-County Council did not have the votes to override the veto. In Evansville, however, the City Council voted 7-2 on Monday, February 13 to approve a clean indoor air ordinance. The ordinance exempts the local casino and will go into effect on April 1.

8. IOWA AFP ENGAGES GRASSROOTS TO STOP NATUROPATHIC LICENSURE

The **Iowa AFP** sent a grassroots alert this week asking members to contact their legislators in opposition to [HSB 507](#) / [SF 2154](#). The IA AFP's message notes that governmental endorsement of naturopaths will compromise health care at a time when the Iowa General Assembly is working on improving care. They further note that licensure of naturopaths will cause public harm and put consumers at risk for receiving substandard medical care. As of February 17, 54 Iowa family physicians had taken action.

President Obama's FY 2013 Budget Impact on AAFP Priorities

Medicare SGR (~\$429 Billion over 10 years)

The President's FY 2013 budget assumes and adjusted baseline to prevent cuts in Medicare physician payments. Specifically it says "the Budget includes an adjustment totaling \$429 billion over 10 years (FY 2013-FY 2022) to reflect the Administration's best estimate of the cost of future congressional action based on what Congress has done in recent years for physician payments. This adjustment does not signal a specific Administration policy, but rather a willingness to work with Congress to achieve permanent, fiscally responsible reform."

Medicare Savings (-\$302.8 Billion over 10 years)

The FY 2013 budget request also proposes to modify payments to certain hospitals, post-acute care, and other providers, to address payments that exceed patient care costs, reduce Medicare's payments to providers for beneficiaries' non-payment of their deductibles and copayments and align Medicare drug payment policies with Medicaid policies for low-income beneficiaries. These legislative proposals, if adopted, will save \$302.8 billion over 10 years.

Graduate Medical Education (-\$9.7 Billion over 10 years)

The President's budget points to the MedPAC finding that GME payments significantly exceed the actual added patient care cost, so it proposes to reduce the IME adjustment by 10 percent beginning in 2014. The budget calls for allowing the Secretary to set standards for hospitals that encourage primary care training and skills that promote high-quality, high-value care delivery.

TITLE VII – HEALTH PROFESSIONS TOTAL (-\$8.2 million)

Title VII Section 747 - Primary Care Training and Enhancement (+\$12 million)

The President's budget requested an increase for Title VII Section 747 from nearly \$39 million in FY 2012 to \$51 million in FY 2013. The increase is intended to train 1,400 additional physician assistants over a five year period. Grants will develop the infrastructure necessary to expand and improve teaching quality at clinical sites for Physician Assistant students.

Title VII Area Health Education Centers (-\$27.220 million - eliminated)

No funds are requested for this program in FY 2013. According to HRSA's budget request, "While the AHEC Program continues to focus on exposing medical students and health professions students to primary care and practice in rural and underserved communities, there is a higher priority to allocate Federal resources to training programs that directly increase the number of primary care providers. It is anticipated that the AHEC Program grantees will continue their efforts to provide interprofessional/interdisciplinary training to health professions students with an emphasis on primary care; these activities may be supported through other funding sources."

Title VII Health Careers Opportunity Program (-\$14.822 million - eliminated)

No funds are requested for this program in FY 2013. The President's budget is prioritizing investing in programs that have a more direct and immediate impact on the production of health professionals.

National Health Service Corps (+\$5 million)

The President's FY 2013 budget piles on the *FY 2012 Consolidated Appropriations Act*, eliminating the annual appropriations for the NHSC. For FY 2012 and FY 2013 (as proposed) the NHSC will operate out of funds provided under the *Affordable Care Act*. This is a program increase, from \$296 million for the NHSC in FY 2012 to \$300 million in FY 2013.

Children's Hospitals Graduate Medical Education Program (-\$177.171 million)

The FY 2013 President's budget request of \$88 million is about one-third of the FY 2012 enacted level, which will allow for support of the direct medical expenses for graduate medical education. These include direct payment support expenditures related to stipends and fringe benefits for residents; salaries and fringe benefits of supervising faculty; costs associated with providing the GME training program; and allocated institutional overhead costs.

Rural Hospital Flexibility Grants (-\$14.840 million)

Although HRSA recently recommended that these grants could be used to support residency training in small, rural hospitals, the President's budget requests a cut which would result in discontinuation of new grants in FY 2013 for the Small Hospital Improvement Program (SHIP). The budget request focuses on supporting CAHs by maintaining essential support for the Flex program and its focus on working with CAHs to improve quality.

Agency for Healthcare Research and Quality (+\$3.704 million)

The President's budget proposes for FY 2013 a program level for AHRQ of \$408.757 million, an increase of \$3.704 million or +0.9 percent from the FY 2012 enacted level.