

August 2, 2013

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COMING UP IN WASHINGTON...

* The House and Senate will be in recess until September 9.

1. HOUSE COMMITTEE ACTS ON SGR REPEAL MEASURE

The House Energy and Commerce Committee on July 31 voted unanimously to approve the *Medicare Patient Access and Quality Improvement Act* (HR 2810), which would repeal the SGR and replace it with a performance-based payment system. As [summarized](#) by the committee's staff, HR 2810 would specify an annual update of 0.5 percent for the Medicare Physician Fee Schedule for the next five years. Beginning in 2019, physicians would be able to earn up to an additional one percent annually for meeting specific quality measures (agreed to by the physician's specialty and HHS). Physicians who fail to meet the quality measures could see a reduction in payment of as much as one percent per year. The bill does attempt to promote Alternative Payment Models (APM) including the Patient Centered Medical Home. For example, participation in an approved APM automatically would fulfill the quality improvement requirement. In addition, the bill gives CMS additional authority to determine over-valued medical services and to reduce payment for those services. The version of the bill approved by the Committee does include a provision to allow nurse practitioners and physician assistants to be eligible for care coordination fees made in alternative payment models.

2. FEDERAL STUDENT LOAN INTEREST RATES LOWERED AND CAPPED

The House voted overwhelmingly to clear the Senate-passed *Bipartisan Student Loan Certainty Act* (HR 1911) on July 31 by a vote of 392 to 31. The measure, which lowers the interest rates charged for federal undergraduate, graduate and PLUS loans, will go to the President who is expected to sign it. The new lower rates will apply to loans taken out since July 1 and will lock in for the life of the loan. The new undergraduate interest rate is 3.86 percent. The graduate student loan rate is 5.41 percent, and the rate for PLUS loans is 6.41 percent. The new law will set an upper limit on interest rates for undergraduates at 8.25 percent, 9.5 percent for graduate students and 10.5 percent for PLUS loans. The AAFP urged the [House](#) and [Senate](#) in a June 18 letter to prevent the July 1 hike in the student loan rate. On August 1, over 2000 students and

residents attending National Conference received a special AAFP Grassroots email blast with an action alert on medical student debt.

3. TWO HOUSE COMMITTEES REVIEW IMPLEMENTATION OF HEALTH REFORM

The House Committees on Ways and Means and Energy and Commerce held separate hearings on August 1, on the *Affordable Care Act* (ACA). The Ways and Means Committee took testimony on the status of the Obama Administration's implementation of the ACA from Gary Cohen, the Deputy Administrator and Director, Center for Consumer Information and Insurance Oversight at CMS, and the Principal Deputy Commissioner and Deputy Commissioner for Services and Enforcement Internal Revenue Service, Daniel Werfel. CMS Administrator Marilyn Tavenner was the only witness at the Energy and Commerce Committee's hearing. Both hearings allowed legislators who oppose the ACA to relay their concerns and those of their constituents to Administration officials. Administrator Tavenner encouraged legislators to provide her contact information to constituents with complaints about the law.

4. SENATE BUDGET COMMITTEE EXAMINES HEALTH CARE SPENDING

On July 30, the Senate Budget Committee held a hearing entitled "Containing Health Care Costs: Recent Progress and Remaining Challenges." In her opening remarks, Senator Patty Murray (D-WA), who chairs the Budget Committee, highlighted recent health care spending trends and credited the ACA's delivery system reforms with holding down the growth rate without shifting costs to seniors and families. The senior Republican member, Sen. Jeff Sessions (R-AL), blamed "Obamacare" for the slow rate of job growth. He wants to corral spending excesses of Washington and end blanket spending on risky programs.

Len M. Nichols, PhD, of the Center for Health Policy Research and Ethics at the College of Health and Human Services at George Mason University, testified that the reduction in the growth of health care costs is real and may be sustainable. He said that insurance companies have projected lower cost growth in anticipation of the promise of health reform. However, he recognized several challenges including the current medical liability system and the SGR.

Kavita K. Patel, MD, MS, of the Engelberg Center for Health Care Reform at the Brookings Institution, said that the *Affordable Care Act* has affected the rate of health care spending. She noted, for example, that improved hospital discharge procedures have produced savings to Medicare and that 13 states have projected lower premiums than CBO projected.

Joseph Antos, PhD, the Wilson H. Taylor Scholar in Health Care and Retirement Policy at the American Enterprise Institute, took exception to the other witnesses and pointed to the continued growth in federal spending for Medicare and Medicaid. He attributed the recent slower growth rate to the poor economy and suggested that to bend the Medicare cost curve the government should limit first dollar coverage of Medigap policies and implement other market-based changes in the program.

5. BOTH CHAMBERS STRUGGLE WITH FY 2014 APPROPRIATIONS

The annual appropriations process for fiscal year 2014 did not proceed smoothly in Congress this week. Although some legislators have pledged to oppose another Continuing Resolution (CR) to keep the government funded after October 1, the Speaker of the House, Rep. John Boehner (R-OH), suggested on August 1 that Congress should pass a short-term funding bill in September to avoid a government shutdown. Most of the government has operated since March under a CR which expires on September 30.

The first of the annual spending bills to be considered by the full Senate fell six votes short of the 60 needed to proceed. The Senate has recessed without having passed a single FY 2014 spending bill. The House Republican leadership was forced to pull its own version of the

Transportation spending bill because the proposal would have cut transportation and housing programs so deeply that it would not pass. The House has passed four of the 12 annual spending bills to date but has yet to draft their appropriations bill for HHS programs.

6. CBO ESTIMATES EMPLOYER-MANDATE DELAY WILL COST \$12 BILLION

The Congressional Budget Office (CBO) and the Joint Committee on Taxation (JCT) assessed the effect of the one-year delay in employer mandate in the *Affordable Care Act* (ACA). CBO estimates that the net cost of the ACA to the federal government over the 10-year period from 2014 to 2023 will be \$1,375 billion—\$12 billion more than previously estimated largely as a result of the reduction in penalty payments by employers that would have been collected. The delay will also result in roughly 1 million fewer people enrolled in employment-based coverage in 2014 according to CBO.

7. FamMedPAC SUPPORTS KEY MEMBERS AS CONGRESS WRAPS UP FOR SUMMER

Legislators are heading home for the month of August to meet with constituents and prepare for the important work waiting for them in the last months of 2013. FamMedPAC supported two events in Washington this week and will be sending several AAFP members to local events during August. These events are a great opportunity for AAFP members to build relationships with their Representatives and Senators. The PAC supported the following legislators this week:

- **Rep. Ami Bera (D-CA)**, a physician serving his first term, has a keen interest in primary care and was a featured speaker at this year's Family Medicine Congressional Conference.
- **Rep. Raul Ruiz (D-CA)**, also a physician is in his first term, has made a point of reaching across the aisle to craft bipartisan health care legislation.
- **Rep. Pat Tiberi (R-OH)**, a member of the Health Subcommittee of the House Ways and Means Committee, is a co-sponsor of primary care GME legislation supported by AAFP.

8. AAFP JOINS IN URGING COVERAGE FOR NEWBORNS OF DEPENDENT CHILDREN

In a [letter](#) sent July 26, the AAFP joined with other advocates concerned about the health of children, young adults, and families and asked HHS to address the potential gap in insurance coverage for the offspring of dependent children. The ACA extended coverage for dependent adult children under their parents' health plans up to age 26. However, a pregnant woman who has maternity coverage as a dependent under her parent's health insurance cannot cover her newborn child under the plan once discharged from the hospital. The letter urged HHS to address this situation by permitting the Pre-existing Condition Insurance Plans (PCIPs) to temporarily cover the health care costs of newborns under the mother's, and in some cases, father's, PCIP coverage for 60 days after birth.

9. REGULATORY BRIEFS

- On July 29, CMS [released](#) data showing over 6.6 million people with Medicare saved over \$7 billion on prescription drugs as a result of the ACA. In addition, 16.5 million people with traditional Medicare took advantage of at least one free preventive service in the first six months of 2013.
- Also on July 29, CMS issued a notice increasing prospective payment rates for hospital-based and freestanding Medicare inpatient psychiatric facilities by an average 2.3 percent for fiscal year 2014.
- On July 30, CMS [released](#) data showing that the average premium for a basic prescription drug plan in 2014 is projected to remain stable, at an estimated \$31 per month. This announcement relates to the upcoming annual open enrollment period for Part D plans beginning October 15 and ending December 7.
- On July 31, CMS released two final rules, one on the 2014 inpatient rehabilitation facilities (IRF) payment rates and the other on the 2014 skilled nursing facility (SNF)

prospective payment system. IRFs will receive an estimated 2.3-percent increase (\$170 million) in Medicare payments relative to 2013 according to CMS. SNFs will receive an estimated 1.3-percent increase (\$470 million) relative to 2013.

- CMS will hold several free educational conference calls, [registration](#) is required for each:
 - ESRD Quality Incentive Program on August 7 at 3:00pm ET.
 - Open Payments (Sunshine Act) and the Physician Resource Toolkit on August 8 at 1:30pm ET.
 - ESRD Quality Incentive Program for Payment Year 2016 on August 14 at 3:00pm ET.
 - Payment Adjustments and Hardship Exceptions for the Medicare EHR Incentive Program on August 15 at 1:30pm ET.
 - ICD-10 Basics on August 22 at 1:30pm ET.