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NEXT WEEK IN WASHINGTON...

- * On Wednesday, December 11, HHS Secretary Sebelius is scheduled to testify on the implementation of the federal health insurance marketplace.
- * On Thursday, December 12, the Senate Finance Committee is scheduled to debate a bill to repeal the Sustainable Growth Rate (SGR) formula.

1. CONGRESS FOCUSING ON SGR BEFORE END OF CURRENT SESSION

On December 5, Ways and Means Committee Chairman Dave Camp (R-MI) made the following statement regarding the Committee's work towards a permanent physician payment fix, also known as the Medicare sustainable growth rate (SGR).

"SGR is an important issue for physicians and seniors alike who, for over a decade, have been hamstrung by short-term patches instead of the certainty of a permanent solution. The Committee has made real progress on a bipartisan and bicameral bill. If that progress continues, I expect the Committee to consider the legislation before the end of next week."

2. CMS RELEASES FINAL 2014 MEDICARE PHYSICIAN FEE SCHEDULE

On November 27, the Centers for Medicare & Medicaid Services (CMS) released the [final 2014 Medicare Physician Fee Schedule](#). Unless Congress intervenes before December 31, 2013, the 2014 fee schedule payment cut due to the sustainable growth rate (SGR) is approximately 24 percent. Further details about the 2014 MPFS can be found in the AAFP's comprehensive [summary](#). Because it issued the 2014 final MPFS nearly four weeks late, CMS has extended until January 31, 2014, the period in which doctors can change their Medicare participation status. More detailed information on the three Medicare contractual options can be found on the AAFP's [website](#).

In a [media statement](#) released after the final rule became available, the AAFP acknowledged that CMS is moving in the right direction in establishing a health care system that meets patients' needs for a usual source of care and a continuous relationship with a primary care

physician, but the statement acknowledged our disappointment that, unless Congress acts, the agency must implement large cuts due to the flawed sustainable growth rate formula.

The AAFP continues to call on Congress to repeal the SGR. Click [here](#) to access the AAFP's current physician payment action alert and urge your Representative and your Senators to support SGR repeal and protect primary care.

Highlights of the final 2014 MPFS include:

- Chronic Care Management (CCM) Services: Of particular interest to family physicians, this final rule creates a chronic care management (CCM) code beginning in 2015. The CCM code is described as applicable to services furnished to patients with two or more chronic conditions “expected to last at least 12 months, or until the death of the patient, that place the patient at significant risk of death, acute exacerbation [or] decompensation, or functional decline; 20 minutes or more; per 30 days.” Patients will be required to provide advanced consent to the practice for the CCM code to be used, and this consent must be reaffirmed at least every 12 months. The AAFP generally supported the CMS proposal to pay CCM services.
- Value-Based Payment Modifier and Physician Feedback Program: The *Affordable Care Act* calls for a value-based modifier that provides for differential payment to a physician or group of physicians based upon the quality of care furnished to Medicare beneficiaries compared to the cost of that care during a performance period. CMS is using 2013 performance by groups with 100 or more eligible professionals to determine the value-based modifier to payments in 2015. In this rule, CMS lowered the threshold to groups of physicians with 10 or more eligible professionals and will use 2014 performance to determine the value-based modifier payments in 2016. However in 2016, CMS will not subject the downward payment adjustment to groups with between 10 and 99 eligible professionals. The AAFP found CMS proposals to implement the value-based payment modifier as reasonable.
Physician Quality Reporting System: The 2014 PQRS incentive is the final year that incentive payments may be earned under the PQRS. The PQRS will contain a total of 287 measures and 25 measures groups in 2014. The AAFP appreciated efforts to align the PQRS with other quality improvement programs but questioned increasing the number of reported PQRS measures from three to nine. The AAFP expressed concern that the burden of reporting multiple quality measures falls disproportionately on primary care physicians. CMS finalized certain changes and additions including the following:
 - For certain reporting criteria, increasing the number of measures from three to nine that must be reported by means of the claims and registry-based mechanisms;
 - Lowering the threshold for reporting individual measures by registry to require that eligible professionals report on 50 percent of applicable patients rather than 80 percent in certain cases; and
 - Eliminating the option to report claims-based measures groups.
- Resource-Based Practice Expense (PE) Relative Value Units (RVUs): Though CMS proposed to use the current year outpatient or ambulatory surgical center rates as a point of comparison in establishing PE RVUs for services under the MPFS, this policy was not finalized. The AAFP had supported the CMS proposal and encouraged CMS to pay the same for services in the physician office setting as in the outpatient or ambulatory surgical center setting. CMS notes that the agency will more fully consider the comments received and revise the proposal in future regulations.
- Geographic Practice Cost Indices (GPCIs): CMS finalized new GPCIs using updated data and will phase them in over 2014 and 2015. Because the 1.0 work GPCI floor is scheduled to expire under current law on December 31, 2013, CMS published the

finalized GPCIs at the lower amount (with exceptions to the Frontier states). The AAFP will continue working with Congress to address cuts to Medicare physician payments.

- **Misvalued Codes:** In the proposed rule, CMS identified potentially misvalued codes. The AAFP appreciated the steps CMS has taken and urged that more be done to ensure that Medicare is not reimbursing based on biased data that further exacerbates the undervaluation of primary care services.
- **Medicare Telehealth Services for the Physician Fee Schedule:** CMS will modify the geographic criteria for eligible telehealth originating sites to include health professional shortage areas (HPSAs) located in rural census tracts of urban. CMS also established a policy to determine geographic eligibility for an originating site on an annual basis. In addition, CMS updated the list of eligible Medicare telehealth services to include TCM services. The AAFP supported these changes.

Further details on this final rule can be found in the AAFP's [summary](#).

3. AAFP SIGNS LETTER TO CONGRESS ON SEQUESTRATION

The AAFP joined 470 national organizations in signing a [letter](#) to urge Congress to use the Budget Conference as an opportunity to replace sequestration with a bipartisan, balanced approach to prevent cuts in fiscal year 2014 non-defense discretionary programs including primary care training grants and research.

4. FDA HOLDS CALL AFTER DRUG QUALITY AND SECURITY ACT BECOMES LAW

The Food and Drug Administration (FDA) hosted a call on December 4 for stakeholders to discuss provisions of a bill that President Obama signed into law on November 27. *The Drug Quality and Security Act* (HR 3204, now Public Law 113-54) introduced by Rep. Fred Upton (R-MI) makes it easier to track and trace drugs throughout the country by giving the FDA new powers to oversee some pharmacies that compound drugs in an attempt to secure the drug supply chain. The measure was introduced in the wake of an outbreak of fungal meningitis linked to a Massachusetts drug compounding facility that killed 64 people. The Senate approved the bill on a voice vote last week; the House had approved the bill in September. Under the bill, large outsourcing compound pharmacies, which mix drugs to create customized batches of medicine, would fall under the FDA's supervision. State boards of pharmacy would oversee traditional, smaller facilities. The legislation also calls for a national tracking system to monitor the drug supply chain and crack down on counterfeits.

5. AAFP SIGNS ON TO MEDICAID PARITY LETTER

Just before the Thanksgiving holiday, AAFP signed on to an [organizational sign-on letter](#) along with the American College of Physicians, American Osteopathic Association, American Academy of Pediatrics, and the American Congress of Obstetricians and Gynecologists addressed to the House Energy and Commerce and Senate Finance Committees asking for a 2 year extension of the Medicaid Medicare Primary Care Parity Payment. The letter asks for the extension, and also asks to include physicians practicing obstetrics and gynecology as qualified specialties, subject to the current eligibility requirement - that at least 60 percent of their Medicaid billings are the primary care services as defined by the authorizing legislation – for the purposes of qualifying for the pay increases. Over the past week, AAFP staff has attended a number of meetings with leaders of the Senate Finance Committee to discuss this ask as part of the extenders package that will be debated after the first of the year.

6. PENNSYLVANIA GOVERNOR UNVEILS MEDICAID EXPANSION PLANS

On Friday morning, Governor Corbett [released his proposed plan](#) for Medicaid Expansion in the state of Pennsylvania. Over the next few weeks, public comments will be collected regarding the plan via six regional meetings and two webinars across the state. The Healthy Pennsylvania Medicaid Modernization plan includes two critical parts, (1) reforming the current

Medicaid program, and (2) offering a private coverage option for currently uninsured Pennsylvanians. The plan is slated to increase access to health insurance for over 500,000 uninsured and promote healthy behaviors, while aligning benefits with the most vital health care needs.

7. COALITION LETTER SENT TO WHITE HOUSE ON TOBACCO USE

In a [letter](#) sent to President Obama on November 26, the AAFP and 11 other national organizations urged the Administration to seize upon the upcoming 50th Anniversary of the first Surgeon General's Report on Smoking and Health and highlight what must be further done to eliminate death and disease caused by tobacco use. The letter urged the Administration to implement robust media campaigns and fully implement the FDA's authority under the Tobacco Control Act to regulate the manufacturing, marketing and sale of all tobacco products.

8. FamMedPAC YEAR-END NUMBERS AND ACTIVITIES FOR THIS WEEK

The PAC hosted an event for a family physician Member of Congress, and co-sponsored a physician lunch for a member of a key committee this week. As the end of the year is approaching, an update on our fundraising totals and campaign contributions is included below.

The PAC participated in event for the following candidates this week:

- **Del. Donna Christensen (D-VI)**, a family physician and member of AAFP who serves on the Health Subcommittee of the House Energy and Commerce Committee. The event took place at the AAFP Government Relations offices in Washington, D.C.
- **Rep. Elliot Engel (D-NY)**, who also serves on the Health Subcommittee of the House Energy and Commerce Committee.

The PAC made \$377,000 campaign contributions to 98 candidates and committees since the first of the year. 61% of the contributions went to Democrats, 39% went to Republicans.

Donations to FamMedPAC total \$390,000 in 2013. Thus far, 1,876 members made a contribution to the PAC. Members contributed \$56,065 through the dues check-off option.

FamMedPAC is tracking the donation totals and percent of members donating from each of the AAFP chapters. So far in this election cycle, California leads all chapters in total amount donated, with \$24,535; while Rhode Island leads in percentage, with 7.86% of its members making a donation this year. The PAC will track chapter donations for the two-year election cycle and present the PAC Chapter Awards at the 2015 ALF/NCSC meeting. The top 10 Chapters for total amount donated and percentage of Chapter donating for the 2014 election cycle are listed below.

13-14 Total Donations Ranking:

(1) California:	\$24,535.00
(2) Texas:	\$21,677.00
(3) Ohio:	\$18,110.00
(4) Illinois:	\$16,251.00
(5) New York:	\$15,495.00
(6) Washington:	\$14,119.00
(7) North Carolina:	\$14,000.00
(8) Pennsylvania:	\$13,733.00
(9) Massachusetts:	\$13,045.00
(10) Tennessee:	\$12,342.00

13 – 14 Chapter Percentage Ranking:

(1) Rhode Island:	7.86%
(2) Connecticut:	7.11%
(3) Montana:	6.38%
(4) South Dakota:	6.21%
(5) Puerto Rico:	5.52%
(6) Mississippi:	5.46%
(7) Nebraska:	4.68%
(8) New Hampshire:	4.42%
(9) Nevada:	3.92%
(10) Maryland:	3.90%

9. REGULATORY BRIEFS

- On November 22, CMS issued a final rule that updates payment policies and rates under the End-Stage Renal Disease (ESRD) Prospective Payment System (PPS) for renal dialysis services furnished to beneficiaries on or after January 1, 2014. More information can be found on CMS' ESRD [website](#).
- Also on November 22, CMS issued the 2014 home health care payment rule which reduces Medicare payments under the Home Health Prospective Payment System (HH PPS) by 1.05 percent, a reduction of \$200 million compared to CY 2013.
- On November 26, CMS [announced](#) that since the *Affordable Care Act* was enacted, more than 7.3 million seniors and people with disabilities who reached the coverage gap, or “donut hole” in their Medicare Part D (Medicare Prescription Drug Coverage) plans have saved \$8.9 billion on their prescription drugs, an average of \$1,209 per person since the program began. During the first 10 months of 2013, nearly 3.4 million people nationwide who reached the donut hole this year have saved \$2.9 billion, an average of \$866 per beneficiary. These figures are higher than at this same point last year, when 2.8 million beneficiaries had saved \$1.8 billion for an average of \$677 per beneficiary. CMS created a state-by-state [summary](#).
- On November 27, HHS [announced](#) a new path to for small employers to access Small Business Health Options Program (SHOP) Marketplace Coverage. For small businesses in states with a SHOP Marketplace that's run by the federal government, HHS hopes small businesses take advantage of SHOP coverage and the tax credit as soon as possible.
- Also on November 27, CMS [issued](#) the 2014 Hospital Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System final rule which increases overall payments for hospital outpatient departments by an estimated 1.7 percent. For ASCs, the adjusted update is 1.2 percent.
- On December 5, HHS [announced](#) \$55.5 million in awards for more than 270 grants will address health workforce needs in nursing, public health, behavioral health, health workforce development, and dentistry.