

February 15, 2013

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NEXT WEEK IN WASHINGTON...

* The House and Senate will be in recess until Monday, February 25.

1. AAFP OFFICERS PRESS CONGRESS ON FAMILY MEDICINE PRIORITIES

On February 11 and 12, AAFP President Jeffrey Cain, MD, President-elect Reid Blackwelder, MD, Board Chair Glen Stream, MD, MBI, and Doug Henley, MD came to Washington, DC for a series of meeting with senior House and Senate health policy staff to advocate on behalf of family medicine. They raised a broad range of issues, especially reforming Medicare payment to physicians by repealing the sustainable growth rate formula, providing a differential payment rate to primary care physicians and addressing the Relative Value Scale Update Committee (RUC) process which undervalues primary care services. They also raised concerns about the impact of sequestration on Medicare, Health Resources and Services Administration’s primary care training grants, the Agency for Healthcare Research and Quality, and the National Health Service Corps. In addition, they promoted our call for medical liability reform, extending the Medicaid primary care payment parity and reauthorizing Teaching Health Centers.

The AAFP leaders took our message to House Majority Leader Eric Cantor (R-VA), House Ways and Means Committee, Senate Finance Committee, Senate Health, Education, Labor and Pensions (HELP) Committee, Senate Appropriations Subcommittee on Labor, Health and Human Services and Education, and to several influential senators and Representatives.

2. HOUSE SUBCOMMITTEE HEARING EXAMINES SGR REFORM

On Thursday, February 14, continuing the series of hearings on how to replace the Sustainable Growth Rate (SGR) and reform the Medicare physician payment system, the House Energy and Commerce Committee’s Subcommittee on Health heard testimony from Glenn Hackbarth, JD, Chairman, Medicare Payment Advisory Commission (MedPAC); Harold Miller, Executive

Director, Center for Healthcare Quality and Payment Reform; Elizabeth Mitchell, CEO, Maine Health Management Coalition; Robert Berenson, MD, Urban Institute; and Cheryl Damberg, PhD, Professor, Pardee RAND Graduate School.

There was consensus among the witnesses that the SGR needs to be repealed. Mr. Hackbarth stated that the SGR threatens access to care, especially to primary care. When asked about primary care workforce shortages, Mr. Hackbarth suggested that more should be done, such as making bonus payments available to students who choose to go into primary care. Rep. Frank Pallone (D-NJ) asked why students are not selecting primary care as their field of study. Mr. Hackbarth said that compensation is lower than any other sub-specialty. Rep. Lois Capps (D-CA), a nurse, and member of the subcommittee, talked about the critical role that non-physician providers play in many of the new delivery system models such as an ACO. She went on to say that nurses play a valuable role in a team care approach and that reimbursement must follow suit. Rep. Phil Gingrey, MD (R-GA) said that the Independent Payment Advisory Board will continue to threaten Medicare physician reimbursements.

3. LOOMING SEQUESTRATION CUTS PROMPT SENATE HEARING

Senate Appropriations Committee Chair Barbara Mikulski (D-MD) convened a full Committee hearing on Thursday, February 14 to examine the impact of sequestration, the automatic, across-the-board spending cuts set to occur on March 1. Although HHS Secretary Kathleen Sebelius did not testify, she wrote a [letter](#) to Senator Mikulski on February 1, 2013 to provide examples of the impact of sequestration on programs administered by HHS. According to the Secretary's letter, "Under sequestration, payments to Medicare providers, health plans, and drug plans ... will be reduced by two percent. This would result in billions of dollars in lost revenues to Medicare doctors, hospitals, and other providers, who will only be reimbursed at 98 cents on the dollar for their services to Medicare beneficiaries."

The Senate is expected to consider the *American Family Economic Protection Act* which would eliminate the sequestration cuts through January 2, 2014. All costs associated with the bill would be fully offset with other spending cuts, divided equally between defense and non-defense programs and new revenue.

Grassroots Efforts

to respond to these pending reductions, the [AAFP sequester grassroots campaign](#) launched earlier this week by contacting a segment of 1900 targeted AAFP members. They sent messages to Congressional legislators urging them to stop these cuts. Each message contained a link to a document outlining AAFP's sequester concerns. To date, 297 members have sent 907 letters to Congress.

4. SPENDING COMMITTEE CONSIDERS LEVEL FUNDING FOR THE REST OF THE YEAR

House Appropriations Committee Chairman Hal Rogers (R-KY) said Thursday he is drafting a continuing resolution at the current level of spending of \$1.043 trillion for fiscal year 2013 that began October 1. His bill would specify that the \$85 billion sequestration is allowed to take place unless it is separately turned off.

5. SENATE COMMITTEE HOLDS HEARING ON HEALTH EXCHANGES

On Thursday, February 14, the Senate Finance Committee held a hearing titled, "[Health Insurance Marketplaces: Progress Report](#)." Senator Max Baucus (D-MT, who chairs the committee, emphasized that marketplaces create a real opportunity for more Americans to overcome obstacles and obtain health insurance in a consumer-friendly manner. He also urged CMS to continue to work with states to create customized marketplaces that fit the specific needs of their residents. Senator Orrin Hatch (R-UT), who is the senior Republican on the committee, expressed disappointment and concern about reports of increasing insurance

premiums ahead of marketplace implementation. He repeatedly cited a [study](#) by Oliver Wyman that suggests premiums will continue to increase across the country, and he urged the Centers for Medicare and Medicaid Services (CMS) and other members of the Administration to improve the marketplaces for consumers.

The committee invited a panel to testify and take questions on the current status of insurance marketplaces. Gary Cohen, the Deputy Administrator and Director of the Center for Consumer Information and Insurance Oversight (CCIIO) answered questions from the committee on CCIIO and CMS progress towards health insurance marketplace implementation. He assured committee members that marketplaces will be operational beginning October 1, 2013, and he remained committed to working with states to make sure they have all the resources necessary to serve consumers.

A second panel included Christine Ferguson of Rhode Island, Bettina Tweardy Riveros of Delaware, and Don Hughes of Arizona. Each panel member provided testimony and took questions on the status of his or her state's marketplace implementation process. Hughes stated that Arizona ultimately decided to pursue a federally-facilitated marketplace because the state felt there was not enough information available. Riveros was pleased with Delaware's progress toward a state partnership marketplace. She explained that the state made this because it offered Delaware an opportunity to transition into a state-based marketplace in the future. Finally, Ferguson expressed confidence in the status of Rhode Island's state-based marketplace and stated that the decision to pursue that model was consistent with the state's longstanding commitment to innovative health care solutions.

6. TAVENNER RENOMINATED AS CMS ADMINISTRATOR

On February 7, President Obama re-nominated Marilyn Tavenner as administrator of the Centers for Medicare & Medicaid Services (CMS). She has been serving as the acting administrator since December 2011. In a media [statement](#), AAFP President Jeffrey Cain, MD stated that the Obama Administration, “made an excellent choice in re-nominating Marilyn Tavenner.” He also said that she has “demonstrated strong leadership in shaping policy that will build and sustain the primary care physician workforce and that promises to improve the quality of care through models such as the patient-centered medical home.”

7. AAFP SUMMARY ON FINAL “SUNSHINE” REGULATION

The CMS released the final regulation on “Medicare, Medicaid, Children's Health Insurance Programs; Transparency Reports and Reporting of Physician Ownership or Investment Interests.” More commonly referred to as the “Physician Sunshine Act” and now known as the National Physician Payment Transparency Program: Open Payments, this final regulation implements Section 6002 of the *Affordable Care Act*. It is designed to make information publicly available about payments or other transfers of value from certain manufacturers of drugs, devices, biologicals and medical supplies to physicians and teaching hospitals. To help inform members, the AAFP created a [summary](#) of the final rule.

8. FamMedPAC KEEPS A HIGH PROFILE WITH NEW CONGRESS

FamMedPAC continues to keep a high profile, cosponsoring several events this week and hosting an event at the new AAFP GR offices for a key leader in the House. AAFP staff and leaders attending these events are emphasizing the need for Congress to reduce the impact of the automatic spending cuts scheduled for March 1, calling on Congress to increase support for primary care, and reminding Congress that the Medicare physician payment formula must be replaced. FamMedPAC participated in events for the following legislators this week:

- **Rep. Jim Clyburn (D-SC):** Rep. Clyburn is the third ranking member of the House Democratic leadership, serving as Assistant Leader. AAFP hosted a reception for Rep. Clyburn at the new Government Relations offices in Washington. AAFP President Dr.

Jeff Cain attended and led the discussion on a number of healthcare topics.

Representatives of all the major physician specialty societies attended.

- **Sen. Max Baucus (D-MT)** is the Chair of the Senate Finance Committee, which has jurisdiction over Medicare legislation. AAFP Board Chair Dr. Glen Stream attended the event, which FamMedPAC cosponsored.
- **Rep. Ami Bera (D-CA)** is a physician in his first term. FamMedPAC supported his election campaign and cosponsored this event.
- **Rep. Michael Burgess (R-TX)** is an OB-GYN who serves as the Vice-Chair of the Health Subcommittee of the House Energy and Commerce Committee. Rep. Burgess attended a lunch with the physician community between sessions of the hearing the Committee held on replacing the Medicare physician fee schedule.

8. MACPAC MEETS TO DISCUSS MEDICAID SUCCESSES

The Medicaid and CHIP Payment and Access Commission (MACPAC) held a meeting on February 12 and 13. Various Medicaid-related topics were covered, but several were specifically related to primary care. Two presenters from Washington State discussed successes in their partnership between public health and Medicaid programs. Two of the most successful program partnerships have been in developing patient-centered medical homes and prescription monitoring programs. A presentation on the primary care payment increase led to significant commission discussion about persuading states to accept the ACA-based payment increase and encouraging more physicians to accept new Medicaid patients. Finally, the commission discussed whether to comment on the proposed Medicaid [rule](#) by the February 21 deadline. The commission will review a revised potential comment letter and make a final decision next week.

9. REGULATORY BRIEFS

- On February 7, CMS released a [report](#) titled “The Affordable Care Act: A Stronger Medicare Program” which shows that, as a result of the healthcare law:
 - Over 6.1 million seniors and people with disabilities have saved over \$5.7 billion on prescription drugs.
 - More than 3.5 million beneficiaries in the Medicare prescription drug coverage gap known as the “donut hole” saved \$2.5 billion in 2012 alone, or an average of \$706 per beneficiary.
 - During 2012, over 26 million people with Original Medicare received at least one preventive service at no cost to them, including over 3 million who have taken advantage of the Annual Wellness Visit.
 - In 2012, an estimated 34.1 million people with Original Medicare or Medicare Advantage received one or more preventive benefits free of charge.
- On February 11, the Departments of Justice and Health and Human Services jointly announced a [report](#) showing that for every dollar spent on health care-related fraud and abuse investigations in the last three years, the government recovered \$7.90. Also discussed in the report, their healthcare fraud prevention and enforcement efforts recovered a record \$4.2 billion in taxpayer dollars in FY 2012, up from nearly \$4.1 billion in FY 2011. For more information on the joint DOJ-HHS Strike Force activities, visit: www.StopMedicareFraud.gov/.

10. GRASSROOTS TEAM SUPPORTS KANSAS CHAPTER

The AAFP grassroots team offered support to the **Kansas Academy of Family Physicians** (KAFFP). The Kansas House of Representatives Health and Human Services Committee is currently reviewing a bill that would expand the scope of practice for nurse practitioners in that state. A Speak Out [alert](#) was sent to KAFP members living in the districts of members sitting on this House committee. As a result, of the 190 KAFP members who were emailed, 22 have sent letters to their legislators.