

February 8, 2013

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NEXT WEEK IN WASHINGTON...

- * On February 12, President Obama will give his State of the Union address.
- * On February 12 and 13, the House and Senate Budget Committees will hold hearings on the Congressional Budget Office Budget and Economic Outlook report.
- * On February 13, the House Energy & Commerce Committee's Subcommittee on Oversight and Investigations has a hearing on Influenza.
- * On February 14, the House Energy & Commerce Committee's Health Subcommittee has a hearing on Medicare physician payment.

1. AAFP PRESIDENT HAILS INTRODUCTION OF LEGISLATION TO REPEAL SGR

AAFP President Jeff Cain, MD, participated in a briefing on Capitol Hill on February 6 marking the introduction of HR 574, the *Medicare Physician Improvement and Innovation Act*. Dr. Cain told the briefing that enactment of this bill would put an end to the annual question of whether physicians can continue to practice in Medicare by eliminating the sustainable growth rate (SGR). It would stabilize the Medicare payment system while encouraging the adoption of innovative payment models to improve quality and incentivize value.

The SGR has for years called for deep cuts in the Medicare physician payment rate – reductions only averted by last-minute action by Congress. This bipartisan bill, introduced by Reps. Allyson Schwartz (D-PA), and Joseph Heck (R-NV), a physician, and eight other original cosponsors, would repeal the SGR and adopt mechanisms to better reward primary care and the adoption of innovative payment models. It includes a 2.5 percent annual payment increase for primary care physicians and other primary care providers between 2015 and 2018. The 2013 Medicare reimbursement rates would remain in effect through the end of 2014.

"For more than 10 years some of the most vulnerable folks in America – folks who are elderly, disabled and veterans have had their health care at risk because of what we know is a flawed and broken SGR system," said Cain. "Family physicians are where millions of Americans get their health care, but continued annual threats to the Medicare system really undermine the

family doctor's ability to keep the doors open and to invest in their practices for new and innovative systems."

On February 7, House Energy and Commerce Committee Chairman Fred Upton (R-MI), Ways and Means Committee Chairman Dave Camp (R-MI), Energy and Commerce Health Subcommittee Chairman Joe Pitts (R-PA), Ways and Means Health Subcommittee Chairman Kevin Brady (R-TX), and Health Subcommittee Vice Chairman Michael Burgess, MD (R-TX) announced their committees' collaborative efforts to repeal the SGR formula and advance a permanent solution for the long-troubled Medicare physician payment system. The [Congressional Budget Office report](#) published on Tuesday, February 5 made SGR repeal easier by drastically reducing its estimated cost.

2. AAFP HOSTS PRIMARY CARE WORKFORCE DISCUSSION

On Wednesday, February 6, AAFP President Jeff Cain, MD, hosted a meeting with Rep. Jim McDermott, MD (D-WA) to discuss our nation's physician workforce. Rep. McDermott, who currently serves as the Ranking Democrat on the Health Subcommittee of the House Ways and Means Committee, has long played a pivotal role in health care workforce policy development. The meeting brought together academic family medicine leaders, medical students, residents, and practicing physicians.

Rep. McDermott called for increasing the family physician workforce now that the *Affordable Care Act* has expanded health care coverage. He described the *Restoring the Doctors of Our Country through Scholarships Act* or "RDOCS" Act which he introduced late in the last Congress. His bill would authorize grants to states for "RDOCS scholarships" to cover all costs of a student's undergraduate medical education provided the recipient agrees to residency training in a primary care specialty and a five-year post-graduate period of service in a health professional shortage area. The Commission on Governmental Advocacy is considering this bill this week at Winter Cluster.

3. CMS RELEASES FINAL "SUNSHINE" REGULATION

On February 1, the Centers for Medicare & Medicaid Services (CMS) released the final "Medicare, Medicaid, Children's Health Insurance Programs; Transparency Reports and Reporting of Physician Ownership or Investment Interests" regulation. More commonly referred to as the "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 make information publicly available about payments or other transfers of value from certain manufacturers of drugs, devices, biologicals and medical supplies covered by Medicare, Medicaid, and the Children's Health Insurance Program (CHIP), defined as applicable manufacturers, to physicians and teaching hospitals, which are defined as covered recipients.

The law specifies that applicable manufacturers must annually report all payments or transfers of value (including gifts, consulting fees, research activities, speaking fees, meals, and travel) from applicable manufacturers to covered recipients. In addition to reporting on payments, applicable manufacturers must also report ownership and investment interests held by physicians (or the immediate family members of physicians) in such entities.

In the final rule, CMS essentially provides applicable manufacturers with 6 months to prepare. Applicable manufacturers must begin collecting data on August 1, 2013 and then submit the data gathered through the end of 2013 to CMS no later than March 31, 2014. CMS is developing an electronic system to facilitate the reporting process. The law requires CMS to provide applicable manufacturers and physicians at least 45 days to review, dispute, and correct reported information before posting on a publicly available website. CMS will notify the covered

recipients when the reported information is ready for review. CMS will then release the data on a public website by Sept. 30, 2014.

When the regulation became available, CMS also issued a [press release](#) and a [fact sheet](#). The AAFP summary of the final rule will soon be available on our website.

4. FamMedPAC ON SOUND FINANCIAL FOOTING AS 2014 ELECTION CYCLE BEGINS

Thanks to the best fundraising results of any prior election cycle, the PAC begins the year with over \$400,000 in the bank. This will allow the PAC to provide early support to key Members of Congress, including the freshmen that the PAC helped elect in 2012. Many AAFP members have already renewed their support for 2013, and the PAC began running its direct marketing program at the end of January. These efforts, along with the dues check-off option for PAC donations, should help the PAC reach its goal of raising \$1 million for the 2014 election cycle.

FamMedPAC participated in events for the following Members this week:

- **Rep. Eric Cantor (R-VA)**, who serves as the Majority Leader in the House of Representatives, held a fundraising lunch for members of the physician specialty community. The event followed Rep. Cantor's major policy speech that morning where he laid out his vision of Republican positions on key issues, including Medicare reform.
- **The Tuesday Group** is an organization that raises funds to support Republican moderates in the House of Representatives. FamMedPAC participated in their "welcome to Washington" event for returning Members.
- **Rep. Kevin Brady (R-TX)** is the new Chair of the House Ways and Means Health Subcommittee. He held a breakfast for members of the physician specialty community to discuss the Committee's legislative agenda.
- **Rep. Joe Heck (R-NV)**, an emergency physician, was elected to his second term. Dr. Heck is a cosponsor of an SGR repeal bill supported by AAFP. Members of the physician specialty community held a luncheon event for him.
- **Sen. Max Baucus (D-MT)** is the Chairman of the Senate Finance Committee and represents the home state of new FamMedPAC Board member Dr. Dennis Salisbury. FamMedPAC was invited to sponsor a small lunch event for the Senator. Members of the physician specialty community are holding another event for the Senator next week, and FamMedPAC will participate in that as well.

5. HOUSE DEMOCRATS RELEASE PLAN TO ADDRESS GUN VIOLENCE

Democratic Leader Nancy Pelosi, Rep. Mike Thompson (CA), Chairman of the House Gun Violence Prevention Task Force, and House Democratic Leaders held a press conference this week announcing a comprehensive set of policy principles, developed by the House Democratic Gun Violence Prevention Task Force, geared toward "reducing gun violence in America while also respecting the Second Amendment rights of law-abiding citizens." Government Relations staff met with Rep. Thompson last week to discuss the Task Force's deliberations. The press release outlining the policy proposals can be found at [this link](#). The full recommendations of the Gun Violence Prevention Task Force can be viewed [here](#).

6. CMS RELEASES FAQ ON MEDICAID AND AFFORDABLE CARE ACT

On February 6, the Centers for Medicare and Medicaid Services (CMS) released an [FAQ on Medicaid and the ACA](#). The document states that proposed rules regarding the Basic Health Program will be delayed, and a final ruling will not be issued until 2014; as a result, interested states will not be able to implement the program until 2015. The FAQ also reviews the federal medical assistance percentages (FMAPs) and Medicaid enrollee eligibility for pregnant women, low income persons, and children.

7. AAFP SUPPORTS MEDICAID PRIMARY CARE PAYMENT INCREASE

Last week the AAFP, the American Medical Association, American Academy of Pediatrics, American College of Physicians, and American Osteopathic Association sent joint letters to Governor Jack Markell (D-DE), Chair, National Governors Association and Matt Salo, Executive Director, National Association of Medicaid Directors expressing our strong support for the Medicaid primary care payment increase that was included in the *Affordable Care Act*.

In addition to expressing our support for the payment increase, we also urged governors and state Medicaid Directors, to:

1. File the required State Plan Amendment with CMS to implement the payment increase,
2. Engage in an active communications campaign with physicians to inform them about the payment increase, including how to qualify for the payment increase, and
3. Create a streamlined self-attestation process and allow physicians a sufficient amount of time to complete the process and still receive increased payments retroactive to January 1, 2013.

8. REGULATORY BRIEFS

- On February 1, HHS issued a proposed rule and related [fact sheet](#) on contraceptive coverage with no cost sharing under the health care law. The proposed rules provide women with coverage for preventive care that includes contraceptive services with no co-pays, while attempting to also respect the concerns of some religious organizations. The proposed rule is open for public comment through April 8, 2013.
- Also on February 1, CMS released a State Medicaid Director (SMD) [letter](#) providing guidance on the implementation of Section 4106 of the Affordable Care Act which establishes a one percentage point increase in the federal medical assistance percentage (FMAP), applied to Medicaid expenditures for adult vaccines and clinical preventive services, for states that cover, without cost-sharing, a designated list of specified preventive services and adult vaccines. The specified preventive services are those assigned a grade of A or B by the United States Preventive Services Task Force (USPSTF), and approved vaccines and their administration recommended by the Advisory Committee on Immunization Practices (ACIP). In order for states to claim the one percentage point FMAP increase for these services, states must cover in their standard Medicaid benefit package all recommended preventive services and adult vaccines, and their administration, and must not impose cost-sharing on such services.
- Also on February 1, the U.S. Department of Agriculture (USDA) issued a [proposed rule](#) regarding standards to ensure that children have access to healthy food options in school. The Healthy, Hunger-Free Kids Act of 2010 requires USDA to establish nutrition standards for all foods sold in schools beyond the federally-supported school meals programs. The "Smart Snacks in School" proposed rule draws on recommendations from the Institute of Medicine, existing voluntary standards already implemented by thousands of schools around the country, and healthy food and beverage offerings already available in the marketplace. Comments on the proposal will be due in April.
- On February 4, CMS issued a new [proposed rule](#) intended to reform Medicare regulations identified as unnecessary, obsolete, or excessively burdensome. According to CMS, this proposed rule has the potential to save nearly \$676 million annually, and \$3.4 billion over five years. Comments will be due in April.