

July 26, 2013

## IN THIS REPORT...

1. SGR Repeal Makes Progress in House Committee
2. Family Physicians Receive 38 Percent of Primary Care Incentive Program Funds
3. AAFP Supports More Education on Medicaid Expansion
4. AAFP Wants Payers to Distinguish Qualifications of Providers
5. FamMedPAC Focuses on Energy and Commerce Committee
6. Senate Acts to Reduce Student Loan Interest Rates
7. Regulatory Briefs

### NEXT WEEK IN WASHINGTON...

- \* The House may debate a bill to reduce and cap federal student loan interest rates.
- \* On Tuesday, July 30, the Senate Budget Committee will hold a hearing to receive an update on containing health care costs.
- \* On Wednesday, July 31, the Subcommittee on Energy Policy, Health Care and Entitlements of the House Oversight and Government Reform Committee will hold a hearing on “the IRS’ legal basis for expanding” the Affordable Care Act’s taxes and subsidies.
- \* Also on Wednesday, the Senate Commerce, Science and Transportation Committee will hold a hearing on energy drinks and marketing to youth.
- \* On Thursday, August 1, the House Ways and Means Committee will hold a hearing on the status of implementing the Affordable Care Act by both IRS and CMS
- \* Also on Thursday, the House Energy and Commerce Committee will hold a hearing on the implementation of the ACA and has invited CMS Administrator Marilyn Tavenner to testify.
- \* On Friday, August 2, CMS will host a live [webcast](#) of the 2013 eHealth Summit.

## 1. HOUSE COMMITTEE APPROVES PLAN TO FIX MEDICARE-PAYMENT FORMULA

In approximately 13 minutes of consideration, the Health Subcommittee of the House Energy and Commerce Committee approved by voice vote a bipartisan bill (HR 2810) to repeal the Sustainable Growth Rate (SGR), which has been part of the Medicare Physician Fee Schedule for over a decade. The legislation attempts to replace the current fee-for-service approach to payment to a schedule that reflects quality improvement.

First of all, HR 2810 would specify that the conversion factor for physician payments for the next five years would receive an annual increase of 0.5 percent. Physician organizations would use this period of payment stability to create “peer cohorts” that would specify core quality measurements that all of the physicians in that cohort would use. Physicians who report quality improvements according to the peer cohorts’ measurements could receive up to an additional one-percent payment beginning in 2019. Physicians would be allowed to choose to operate in approved “alternative payment models” like the patient-centered medical home which would not

be tied to these quality improvement payments. The AAFP's analysis and [response](#) to the most recent draft version of this proposal emphasized the importance of using the new payment system to support primary care.

The Energy and Commerce Committee will consider the legislation on July 30. Then, the House Ways and Means Committee may have a debate on the measure when Congress returns after the August recess. In the meantime, the Senate Finance Committee sent a letter to providers in May seeking input on a measure to repeal the SGR, and held a hearing on the topic this month, has yet to release its own proposal.

## 2. MEDICARE POSTS 2012 PRIMARY CARE INCENTIVE PROGRAM DATA

On July 24, the Centers for Medicare & Medicaid Services posted [extensive data](#) relating to the 2012 Primary Care Incentive Program (PCIP). The AAFP created the following chart comparing 2012 PCIP information with [2011 PCIP data](#) CMS released last year.

	2011	2012
Total	\$560M	\$664M
- Family Physicians	38.2%	37.9%
- Internal Medicine	50.1%	49.4%
- Nurse Practitioner	7.0%	7.5%
- Other	4.7%	5.2%
Urban	86.4%	79.7%
Rural	13.6%	20.3%

Beginning in 2011 and ending in 2015, the PCIP is authorized by the *Affordable Care Act* and provides for a quarterly incentive payment for primary care services when furnished by primary care physicians and practitioners. Incentive payments are equal to 10 percent of the Medicare paid amount for primary care services. Quarterly incentive payments are made to individual physicians, non-physician practitioners, group practices and Method II critical access hospitals billing for practitioners.

Primary care practitioners with Medicare specialty designation of family medicine, geriatric medicine, pediatric medicine, internal medicine, nurse practitioner, clinical nurse specialist, or physician assistant, are eligible for the incentive if primary care services (CPT codes 99201 through 99215 and 99304 through 99350) accounted for at least 60 percent of the practitioner's total allowed charges under the physician fee schedule in the qualifying calendar year.

## 3. AAFP ASKS HHS TO STEP UP EDUCATION AROUND MEDICAID EXPANSION

On Tuesday, July 23, the AAFP signed on to a coalition [letter](#) to the Department of Health & Human Services (HHS) asking HHS to improve its educational efforts in support of the *Affordable Care Act's* expansion of coverage by Medicaid.

## 4. AAFP SUPPORTS A MEASURE TO DISTINGUISH QUALIFICATIONS OF PROVIDERS

On Tuesday, July 23, the AAFP signed on to a coalition [letter](#) in support of, a bill (HR 2817) that would remove the non-discrimination requirements of federal law relating to health care providers. The bill, introduced by Rep. Andy Harris (R-MD), would allow private individual and group health plans as well as state-based health insurers, to make qualification distinctions among varying groups of physicians and other health care professionals.

## 5. FamMedPAC HAS BUSY WEEK, SUPPORTS KEY MEMBERS

Congressional legislators are soliciting support in Washington, D.C. before they leave for their August recess. FamMedPAC supported several campaigns this week for members of the House committee voting on a proposal to replace the Medicare Physician Fee Schedule, as well as two important legislators from Illinois. The PAC supported these legislators this week:

- **Rep. Tammy Duckworth (D-IL)**, serving her first term in Congress, is an Iraq war veteran who is interested in veterans' health care issues and met with AAFP leadership in Washington, D.C. earlier in the year.
- **Sen. Richard Durbin (D-IL)**, a member of the Senate leadership and of the Appropriations Committee, represents AAFP Board members Dr. Javette Orgain and Dr. Ravi Grivois-Shah, and PAC Board member Dr. Ellen Brull.
- **Rep. Jan Schakowsky (D-IL)** is a member of the Health Subcommittee of the House Energy and Commerce Committee.
- **Rep. Marsha Blackburn (R-TN)** is the Vice Chair of the Health Subcommittee of the House Energy and Commerce Committee.
- **Rep. Renee Elmers (R-NC)** serves on the Health Subcommittee of the House Energy and Commerce Committee.
- **Rep. Jim Matheson (D-UT)** is a member of the Health Subcommittee of the House Energy and Commerce Committee.
- **Rep. Lois Capps (D-CA)**, a long-standing friend of the AAFP, is a member of the Health Subcommittee of the House Energy and Commerce Committee.

## 6. SENATE PASSES STUDENT LOAN INTEREST RATE CAPS

On Wednesday, July 24, the Senate amended the House-passed bill to lower interest rates on graduate Stafford loans to 5.41 percent for this year and set them to the 10-year Treasury note plus 3.6 percentage points. The *Bipartisan Student Loan Certainty Act* (HR 1911) would cap the interest rate for Stafford loans at 9.5 percent. Rates for new undergraduate loans would be 3.86 percent, nearly half the current rate. Rates on PLUS loans to parents and graduate students would be set at the rate of the 10-year Treasury note plus 4.6 percentage points. This year, those rates will be 6.41 percent and they would be capped at 10.5 percent. Undergraduate loan rates are capped at 8.25 percent. On June 18, the AAFP sent letters to [Representatives](#) and [Senators](#) urging them to prevent any increase in student loan interest rates. The House is expected to pass the Senate bill next week for the President's signature.

## 7. REGULATORY BRIEFS

- On July 19, HHS [announced](#) \$12 million in *Affordable Care Act* funding to support primary care residency programs in 32 Teaching Health Centers across the nation. HHS indicated that funding will help train more than 300 residents during the 2013-2014 academic year, doubling the number of residents trained in the previous academic year.
- Also on July 19, the Medicare Payment Advisory Committee (MedPAC) [released](#) the 2013 Data Book: Health Care Spending and the Medicare Program.
- CMS will hold several free educational conference calls, [registration](#) is required for each:
  - Choosing Your PQRS Group Reporting Mechanism and Implications for the Value-based Payment Modifier on July 31 at 2:30pm ET;
  - 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.