

March 15, 2013

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NEXT WEEK IN WASHINGTON...

- * The House Energy & Commerce Health Subcommittee has a hearing Saving Seniors and Our Most Vulnerable Citizens from an Entitlement Crisis on March 18.
- * The Senate Finance Committee has a hearing on Reforming the Delivery System on March 20.
- * The House Energy & Commerce Health Subcommittee will discuss how technological advancements benefit patients and ways to ensure that innovation continues on March 20.
- * The House Labor, HHS, & Education Appropriations Subcommittee hearing on Management Challenges at the Departments –Perspective from the Inspector Generals on March 20.

1. CONGRESSIONAL BUDGETS HIGHLIGHT PARTISAN DIFFERENCES ON ACA, SGR

Both House Republicans and Senate Democrats released their budget resolutions this week. They are not expected to resolve their differences by the April 15 target date for action on the annual Congressional budgetary outline which generally governs overall spending but never goes to the President for approval.

The [Path to Prosperity](#) plan offered by House Budget Committee Chairman Paul Ryan (R-WI) would balance the federal budget by 2023 by cutting spending on health programs. The plan, which passed the House Budget Committee on a party-line vote of 22 to 17, repeals the *Affordable Care Act's* Medicaid expansion and health insurance exchanges. It fixes the federal expenditure on Medicare by establishing a Medicare exchange beginning in 2024 for individuals 65 or younger and allowing them to choose between private plans and the traditional fee-for-service option with Medicare providing a premium-support subsidy. The Ryan plan will be debated by the full House next week.

While both the House and Senate budget resolutions include provisions for a deficit-neutral reserve fund for amending or superseding the Medicare Sustainable Growth Rate (SGR), the Senate budget proposal, [Foundation for Growth](#), more explicitly calls for a permanent fix to the SGR. The recently revised estimate from the Congressional Budget Office cut the price of the

doc fix nearly in half. If Congress eliminates the formula now, it will cost \$138 billion over 10 years. Last year's SGR score was \$260 billion.

The Senate budget plan, introduced by Senate Budget Committee Chairman Patty Murray (D-WA,) preserves Medicare and the ACA, but seeks to cut \$275 billion in health spending. It does not provide details of those cuts. On March 14, the Senate Budget Committee passed its FY 2014 budget resolution by a vote of 12 to 10 with the support of all the Committee's Democrats and Independents. The budget resolution now proceeds to the Senate floor.

The AAFP joined the Coalition for Health Funding in a [letter](#) calling on the House and Senate Budget Committees to make an adequate investment in federal discretionary health funding.

2. SENATE STRUGGLES TO COMPLETE FY 2013 SPENDING LAW

With the current federal stop-gap spending law known as a "continuing resolution" or CR expiring on March 27, the Senate spent several days this week debating legislation to fund the government through the September 30 end of FY 2013. However, with nearly 100 amendments filed for consideration, final action on the Senate's continuing resolution has been postponed until next week with only days before the recess scheduled to begin on March 23. The White House and Congressional leaders have made it clear that they hope to avoid a government shutdown when the current CR expires. The AAFP joined with the Health Professional and Nursing Education Coalition in a [letter](#) urging continued support for Title VII health professions training grants.

3. HOUSE HEALTH SUBCOMMITTEE LOOKS AT ACA'S IMPACT ON JOBS

The House Energy & Commerce Health Subcommittee heard from three witnesses during a hearing held on March 13 to analyze the impact of the *Affordable Care Act* (ACA) on job availability and employer sponsored health coverage. Tom Boucher, owner and Chief Executive of the Great New Hampshire Restaurants, Inc., testifying on behalf of the National Restaurant Association stated that the parent company that owns his restaurant chose not to open in another location until after they can assess the impact of the requirement of employers with 50 or more employees to provide health insurance or face a penalty. The law defines a full time employee as someone who works 30 hours or more a week. Mr. Boucher said that he has no way of knowing if more staff will now decide to take the insurance, or not which will result in a fine. That position was challenged by Linda Blumberg, a witness from the Urban Institute who said that studies show the law will have a very minimal economic impact on businesses. Economist, Diana Furchtgott-Roth representing the Manhattan Institute said that this provision will provide disincentives for employers to expand their workforce, and might incentivize employers to downsize or replace full time employees with part time or contractors.

4. CMS SENDS MESSAGE ON SEQUESTRATION IMPACT ON MEDICARE PAYMENTS

On Friday, March 8, the Centers for Medicare & Medicaid Services sent the following message regarding sequestration's impact on Medicare payments:

The Budget Control Act of 2011 requires, among other things, mandatory across-the-board reductions in Federal spending, also known as sequestration. The American Taxpayer Relief Act of 2012 postponed sequestration for 2 months. As required by law, President Obama issued a sequestration order on March 1, 2013. The Administration continues to urge Congress to take prompt action to address the current budget uncertainty and the economic hardships imposed by sequestration.

This listserv message is directed at the Medicare FFS program (i.e., Part A and Part B). In general, Medicare FFS claims with dates-of-service or dates-of-discharge on or after April 1, 2013, will incur a 2 percent reduction in Medicare payment. Claims for durable medical

equipment (DME), prosthetics, orthotics, and supplies, including claims under the DME Competitive Bidding Program, will be reduced by 2 percent based upon whether the date-of-service, or the start date for rental equipment or multi-day supplies, is on or after April 1, 2013.

The claims payment adjustment shall be applied to all claims after determining coinsurance, any applicable deductible, and any applicable Medicare Secondary Payment adjustments.

Though beneficiary payments for deductibles and coinsurance are not subject to the 2 percent payment reduction, Medicare's payment to beneficiaries for unassigned claims is subject to the 2 percent reduction. The Centers for Medicare & Medicaid Services encourages Medicare physicians, practitioners, and suppliers who bill claims on an unassigned basis to discuss with beneficiaries the impact of sequestration on Medicare's reimbursement.

Questions about reimbursement should be directed to your Medicare claims administration contractor. As indicated above, we are hopeful that Congress will take action to eliminate the mandatory payment reductions.

5. CMS TO HOST NATIONAL HEALTH INSURANCE MARKETPLACE CONFERENCE CALL

The Centers for Medicare & Medicaid Services (CMS) is hosting a National Health Insurance Marketplace Stakeholder Conference Call on Monday, March 18 from 2:00-3:00pm ET. The goal of this call is to keep stakeholders informed on how the Marketplace will work and give individuals and organizations an opportunity to communicate directly with CMS. If you wish to participate in this national call, please register at <http://cmsnationalhie1.eventbrite.com>.

6. "BITTER PILL" AUTHOR HEADLINES PANEL DISCUSSION ON HEALTH CARE

On March 13, the Center for American Progress hosted a panel discussion on the high price of health care. The panel featured Steven Brill, journalist and author of "Bitter Pill: Why Medical Bills are Killing Us," published in the March 4 issue of *Time* magazine. Other panelists included Gio Collella, MD, CEO of Castlight Health, and Ezekiel Emanuel, MD, Vice Provost at the University of Pennsylvania. Panelists discussed important issues that drive high costs in health care and explored potential solutions. Key discussion points included ways to increase transparency of health care financial information, how to better connect consumer education information to quality data, and how to improve the complex relationship between hospitals and insurers in order to bring down costs.

7. FamMedPAC CONTINUES SUPPORT FOR KEY MEMBERS OF CONGRESS

FamMedPAC participated in several events this week, supporting key Congressional leaders as the 113th Congress enters a busy work period. Budget and appropriations discussions continue to hold implications for important healthcare issues, including Medicare physician payment, graduate medical education and implementation of the Affordable Care Act. The PAC participated in events for the following Members this week:

- **Rep. Jan Schakowsky (D-IL)**, who serves on the Health Subcommittee of the House Energy and Commerce Committee. Rep. Schakowsky represents the district of FamMedPAC Board member Dr. Ellen Brull.
- **Rep. Henry Waxman (D-CA)**, the ranking Democrat on the House Energy and Commerce Committee.
- **Rep. Joe Pitts (R-PA)**, Chair of the Health Subcommittee of the House Energy and Commerce Committee.
- **Rep. Raul Ruiz, MD (D-CA)**, an emergency physician in his first term in Congress. FamMedPAC supported Dr. Ruiz in his 2012 election campaign.

- **Rep. Phil Gingrey, MD (R-GA)**, a physician who serves on the Health Subcommittee of the House Energy and Commerce Committee.
- **Rep. Jack Kingston (R-GA)**, who serves as the Chair of the Labor-Health and Human Services Subcommittee of the House Appropriations Committee.
- **Rep. Mike Simpson (R-ID)**, a dentist who serves on the Labor-Health and Human Services Subcommittee of the House Appropriations Committee.

7. REGULATORY BRIEFS

- On March 8, the Army Task Force on Behavioral Health [announced](#) several changes to the way in which the Army diagnoses mental health conditions, including post-traumatic stress disorder.
- On March 13, the CMS Innovation Center announced an extension to the deadline for Letters of Intent and Applications for the Comprehensive ESRD Care initiative. The deadline for Letters of Intent will be extended from March 15, 2013 to May 15, 2013. The deadline for full Applications will be extended from May 1, 2013 to July 1, 2013.
- On March 13, CMS released a proposed rule that would allow Medicare to pay for additional hospital inpatient services under Medicare Part B when a Medicare Part A claim is denied because the beneficiary should have been treated as an outpatient, rather than being admitted to the hospital as an inpatient. In conjunction with the proposed rule, CMS also released an Administrator's Ruling to address pending hospital appeals on this issue. The rule, which applies to all hospitals and Critical Access Hospitals, proposes that if the beneficiary is enrolled in Part B, Medicare would pay for all reasonable and necessary Part B hospital inpatient services when a Part A inpatient admission is denied as not reasonable and necessary or when a hospital determines that a beneficiary should have been treated as an outpatient, rather than admitted to the hospital. Public comments on the proposed rule will be accepted through May 17, 2013 and AAFP staff is reviewing the proposals.