

February 14, 2014

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### NEXT WEEK IN WASHINGTON...

- The House and Senate are in recess until Tuesday, February 25.
- On Wednesday, February 19, 2014 from 3:00pm - 4:00pm ET, CMS will conduct the Physician Nurses & Allied Health Open Door Forum. To participate, dial 1-800-837-1935 Conference ID 70985695.

## 1. AAFP ENDORSES LEGISLATION TO REPEAL AND REPLACE SGR FORMULA

The AAFP sent a [letter](#) to Congressional leaders urging passage of legislation to repeal the Medicare Sustainable Growth Rate (SGR) and outlining provisions of bipartisan legislation that family medicine particularly supports. Rep. Michael Burgess (R-TX) and Sen. Max Baucus (D-MT) had introduced the *SGR Repeal and Medicare Provider Payment Modernization Act* (H.R. 4015 / S. 2000) on February 6. It would repeal the SGR formula and provide positive payment updates over a five-year period (2014-2018), after which physicians could choose to be paid under an alternative payment methodology (e.g., patient-centered medical home) or remain in a new merit-based fee-for-service payment system that consolidates existing programs (PQRS, meaningful use, and value-based modifier). Congress has not yet determined to pay for the bill, which is expected to cost some \$150 billion over 10 years.

## 2. DEBT CEILING FIX, MEDICARE PAY-FOR

Both the House and Senate passed legislation this week suspending the debt limit for one year. As part of the vote, legislation was passed restoring cuts to military pensions, while extending sequestration, including Medicare sequestration, for one additional year to 2024. The extension of sequester policy yields approximately \$9.2 billion over 10 years in savings, with \$2.3 billion from savings directed into a new Transition Fund for SGR Reform, previously known as the Medicare Improvement Fund (MIF). The funding in the Transition Fund for SGR Reform is made available to the Secretary of HHS for use in 2017, only if the 2017 Medicare physician payment update is less than the 2013 physician payment rate.

However, Congress likely will use the fund to mitigate the pending cut to physician payments, either by reducing the cost of the repeal legislation, or by helping to defray the cost of another temporary patch if Congress is unable to pass repeal legislation by March 31.

### **3. SEN. RON WYDEN (D-OR) WILL CHAIR COMMITTEE ON FINANCE**

On Wednesday, February 12, the U.S. Senate named Sen. Ron Wyden (D-OR) chairman of the Committee on Finance, filling the post previously held by outgoing chairman Sen. Max Baucus (D-MT). The role is significant to the AAFP given the committee's jurisdiction over Medicare, Medicaid, and the Children's Health Insurance Program. Although Chairman Wyden has not yet formally laid out his priorities around health policy, he and his staff inherit responsibility for the newly introduced bipartisan SGR-repeal legislation.

To fill the vacancy on the Senate Finance Committee left by Sen. Baucus's departure, Sen. Mark Warner (D-VA) has been named to the panel.

### **4. HEALTH SUBCOMMITTEE HOLDS HEARING TO EXAMINE DRUG SHORTAGES.**

Two witnesses from the U.S. Food and Drug Administration, Marcia Crosse, Ph.D., and Douglas Throckmorton, MD, appeared before the House Energy and Commerce Health Subcommittee on Monday, February 10. They released a final report entitled "Drug Shortages: Public Health Threat Continues, Despite Efforts to Help Ensure Product Availability." According to this report, the incidence of drug shortages continues to increase, causing physicians to scramble to find medications to use for treatment. This worsening situation comes even though federal regulators have worked to prevent new shortages. The report asserts that the total number of active shortages tripled from about 150 to 450 from 2007 to 2012. According to Crosse, the large number of shortages suggests that the market is still at risk for supply disruptions. The trend is largely because of shortages that persist over several years. Promising news is that the numbers of new shortages have declined. In 2011, for example, the number of shortages had risen to 255; however, in 2012 there were only 195. Nearly half of these shortages occurred in generic injectable drugs, including painkillers, antibiotics and chemotherapies.

### **5. FamMedPAC SUPPORTS IMPORTANT LEGISLATORS THIS WEEK**

FamMedPAC continues to focus on supporting key legislators, attending events this week for members of committees in the House and Senate with jurisdiction over healthcare legislation. The PAC supported events for the following legislators:

- **Rep. Michael Burgess (R-TX)**, a physician and member of the Health Subcommittee of the House Energy and Commerce Committee, is also the lead sponsor of the SGR repeal legislation in the House.
- **Rep. Kevin Brady (R-TX)** is the Chair of the Health Subcommittee of the House Ways and Means Committee.
- **Rep. Fred Upton (R-MI)** chairs the House Energy and Commerce Committee.
- **Sen. Patty Murray (D-WA)**, the Chair of the Senate Budget Committee, serves on the Labor-HHS Subcommittee of the Senate Appropriations Committee and on the Senate Health, Education, Labor and Pensions Committee.

### **6. MORE THAN 3 MILLION HAVE SELECTED HEALTH INSURANCE PLANS**

The Department of Health and Human Services (HHS) [released](#) the latest enrollment [report](#) showing that nearly 3.3 million people selected plans in the various Health Insurance Marketplaces from Oct. 1, 2013, through Feb. 1, 2014, including 1.4 million in the state-based Marketplaces and 1.9 million in the federally facilitated Marketplace. According to the report, of the almost 3.3 million: 55 percent are female and 45 percent are male; 31 percent are age 34 and under; 25 percent are between the ages of 18 and 34; 62 percent selected a Silver plan, while 19 percent selected a Bronze plan; and 82 percent of those selecting a plan are eligible to

receive premium tax credit. The report noted that the proportion of young adults (ages 18-34) selecting a Marketplace plan increased by 3 percentage points during the fourth month of the initial open enrollment period, compared to the first 3 months (from 24 percent to 27 percent).

## 7. MEDICAID EXPANSION UPDATES

- **New Hampshire** – A bipartisan group of Senators in New Hampshire has come together with hopes to pass a Medicaid expansion deal. The expansion plan would cover approximately 50,000 low-income residents through a private option approach. The proposal would allow the state to use federal money to purchase private insurance, similar to the plans in Iowa and Arkansas. This proposal depends on the federal government approving the necessary waivers.
- **Missouri** – Last week, the legislature defeated a plan to expand Medicaid coverage in Missouri. Although Gov. Jay Nixon (D) has continued to express his support for Medicaid expansion, Republican legislators have made it clear that they still oppose it. The proposed legislation would have required the state to use managed care policies for most of those enrolled.

## 8. REGULATORY BRIEFS

- On February 5, the U.S. Preventive Services Task Force (USPSTF) [announced](#) the addition of five members of the panel: Karina W. Davidson, Ph.D., M.A.Sc.; Matthew W. Gillman, M.D., S.M.; Alex R. Kemper, M.D., M.P.H., M.S.; Ann E. Kurth, Ph.D., R.N., M.S.N., M.P.H.; and Maureen G. Phipps, M.D., M.P.H.
- On February 7, CMS posted new information regarding the 2013 Open Payments program. Also known as the *Physician Payments Sunshine Act*, CMS discussed how applicable drug and device manufacturers and applicable group purchasing organizations will register with CMS and how they will submit data to CMS in two phases. More information can be found on the AAFP's Open Payment's [website](#).
- On February 7, CMS extended the 2013 EHR attestation deadline through March. The previous deadline was February 28. More info can be found in an AAFP News Now [article](#).
- On February 10, the U.S. Department of Treasury [announced](#) delaying part of the ACA employer mandate for a second year. Employers with 50 to 99 workers will not have to provide health insurance to their workers in 2015.
- On February 12, CMS released a new PQRS interactive [timeline and summary](#).