

January 14, 2004

## **MASI HEALTH POLICY UPDATE**

The 109<sup>th</sup> Congress officially convened January 4. Lawmakers will spend the first several weeks of the session completing committee rosters and other organizing activities. In addition, key congressional committees will hold hearings to consider confirmation of several top Administrators. Significant changes to key committees of interest to health, thus far include the following appointments: Sen. Thad Cochran (R-MS) as Chair of the Senate Committee on Appropriations, Rep. Jerry Lewis (R-CA) as Chair of the House Committee on Appropriations, and Sen. Michael B. Enzi (R-WY) as Chair of the Senate Committee on Health, Educations, Labor, and Pensions (HELP).

The real work will not likely begin until later in the month after President Bush's January 20 inauguration. The President's Fiscal Year 2006 budget, expected for release in early February, is already creating a stir among groups amid rumors of cuts and limits to federal entitlement programs. Other health issues likely to be at the top of the Administration's agenda include medical liability reform, prescription drug re-importation, and further implementation of the Medicare Prescription Drug, Improvement and Modernization Act of 2004 (MMA).

### **Appropriations**

The Fiscal Year 2006 (FY06) process will begin on February 7, the date that the Administration will deliver its 2006 budget plan to Congress. The President has, on numerous occasions, stated that he plans to cut the deficit in half by 2009. In its deficit reduction efforts, the Administration's budget is expected to cut or freeze funding for most domestic programs.

### **DHHS Releases Report on Drug Importation**

The Department of Health and Human Services (DHHS) released the much-anticipated Importation Task Force Report on December 21. The report was commissioned as part of the MMA. The 13-member task force, led by Surgeon General Richard Carmona, was charged with evaluating drug importation, and offering recommendations to DHHS concerning various issues surrounding importation such as potential limitations in resources and legal authority, capacity of domestic and foreign agencies to ensure drug safety, and potential costs. The report rejects the idea of allowing citizens to re-import drugs, saying such a program would raise liability concerns, stifle drug innovation, and might not cut drug costs for U.S. citizens.

The Bush Administration has opposed drug importation for some time, but recently suggested that it may consider the issue only if certain safety conditions can be guaranteed.

In contrast, the House voted in favor of legalizing reimportation in 2003; the issue remained unaddressed in the Senate. However, Senator Chuck Grassley (R-IA), Senate Finance Committee Chair, has suggested that the issue will come up early in the Senate session.

Among the recommendations, the report states that importation should only be considered from Canada, which has similar drug safety standards to those in the U.S. However, recent reports indicate that Canadian Health Minister, Ujjal Dosanjh, is considering blockage of reimportation of drugs to the U.S. from Canada by mandating that physicians cannot co-sign prescriptions for U.S. citizens who they have not examined. This issue will likely continue to gain interest, as legislators face increasing pressure to address the rising costs of health care services and prescription drugs.

### **CMS Proposes Smoking Cessation Coverage**

On December 23, Secretary Tommy Thompson announced that the Centers for Medicare and Medicaid Services (CMS) intend to provide new Medicare coverage allowing certain beneficiaries to receive counseling services that will help them stop smoking. The new coverage will be available to beneficiaries who have illnesses caused or complicated by smoking. These include heart disease, stroke, lung cancer, emphysema, weak bones, blood clots, and cataracts. It also will cover counseling services for beneficiaries who take any of the drugs whose effectiveness can be compromised by the use of tobacco, such as insulin and drugs for high blood pressure, seizures, and depression. The coverage will include two cessation attempts, with up to four sessions per attempt. The attempts can include services at an outpatient hospital or rural health clinic, and performed by a physician, social worker, or psychologist. The 2006 prescription drug benefit will cover smoking cessation treatments that are prescribed by a physician.

### **The United States Pharmacopeia**

The United States Pharmacopeia (USP) released a study on December 20 that indicates computerized drug prescribing mistakes accounted for nearly 20 percent of all hospital and health system medication errors in 2003. In 2003, computer entry errors were the fourth leading cause of medication errors in U.S. hospitals and health systems. According to the study, the majority of computer entry mistakes took place during either the transcribing/documenting phase or the dispensing phase. The study also found that facilities that have implemented computerized prescription entry by licensed prescribers (computerized prescriber order entry or CPOE) had a lower error rate than other facilities.

On January 4, the USP posted the final Model Guidelines for the 2006 Medicare Prescription Drug Benefit. In a related document, the USP offers a listing of “key drugs” that the CMS should monitor for inclusion in formularies.

### **Other Health Policy News**

- CMS released the reimbursement amounts for Medicare Part B drugs on December 17. The prices are based on data submitted by drug manufacturers for third quarter sales. Most drugs will be reimbursed at the average sales price (ASP) plus six percent.

- CMS announced the ten sites for Phase 1 of the Chronic Care Improvement Programs (CCIP). The first program is expected to become active in spring of 2005. The sites are: Brooklyn and Queens (New York City), Chicago, District of Columbia, Central Florida, Georgia, Maryland, Mississippi, Oklahoma, Pennsylvania, and Tennessee. Phase 1 is the pilot phase that is expected to operate for three years. Phase 2 will be the expansion phase, which can proceed within two to three and a half years after Phase 1, if Phase 1 proves successful.
- Organized medicine and related groups continue to prepare for the fight against cuts or limits to Medicare and Medicaid. The President's Fiscal Year 2006 Budget, expected in early February, will reportedly contain the Spending Control Act, a measure that will impose limits on the growth of federal entitlement programs such as Medicare, Social Security, and veterans disability compensation. In addition, President Bush is also expected to propose to hold the National Institutes of Health to an increase of less than two percent – which would reportedly not keep pace with the increasing costs of biomedical research.
- The President signed S. 2302 into law on December 3, reauthorizing for two years the “Conrad State 30” program, which encourages U.S.-trained foreign doctors to practice in underserved rural or urban communities. The program allows certain government agencies to request a waiver of the two-year requirement for these doctors to return to their native country before being able to apply for an immigrant visa, U.S. residency, or a nonimmigrant visa.
- The Medicare Payment Advisory Commission (MedPAC) met on January 12 – 13. The commission approved a recommendation that Congress adopt a quality incentive payment policy for hospitals, home health agencies, and physicians. MedPAC is also recommending that Congress increase physician reimbursement by 2.7 percent in 2006.