



June 30, 2006

CRD ASSOCIATES HEALTH POLICY UPDATE

June 2006

Congress – The House of Representatives was in session for 17 days during the month of May. Action was completed on a number of appropriations bills and other legislation, including estate tax cuts. The Senate was in session for 19 days. It has also begun to consider appropriations bills. The Labor-HHS appropriations bill has been reported by the House appropriations committee; the Senate committee has yet to act. The House bill is currently delayed from coming to the floor as a result of a Democratic amendment, supported by 7 Republican members, to increase the minimum wage. It is unclear how the House leadership is going to resolve this issue.

Title VII-Health Professions Training – We are continuing to work with our colleagues in the health professions training community to encourage members of the House and Senate to restore the funding that has been cut from the President's FY2007 budget request. The House bill increases the President's recommended funding level from zero to the \$41 million appropriated in FY06. We are continuing to pressure the Senate subcommittee chair and staff to restore the funding to its FY05 level. As a reminder, last year we received no funding in the House; \$90 million in the Senate and ended up with \$41 million. Starting at \$41 million in the House, we are working to drive up the Senate number, hoping to end closer to the FY05 level of \$88 million.

As reported last month, the Senate HELP Committee has now dropped its plans to draft a reauthorization bill for Title VII this year. The staff now expects to consider this issue in 2007, although that decision will be revisited after the fall election.

Health Services Research – We are continuing to work with the Friends of AHRQ and the Coalition for Health Services Research, which have now adopted SGIM's policy of promoting investigator-initiated grants within AHRQ's funding. We have met with the staff to the House and Senate Appropriations subcommittees to express SGIM's concern with the shortsighted under-funding of this agency – a position with which they surprisingly agreed. Nevertheless, the House Appropriations Committee's bill included the same \$318 million that has been appropriated for several years. More work will need to be done to educate the Senate on the importance of this program.

In addition, we have continued to actively support the funding for Clinical and Translational Science Awards (CTSAs), which are being administered by NIH's National Center for Research Resources. An RFA has been published, with funding decisions expected later this year. SGIM has put together a strong letter designed to demonstrate support to NIH, against some opposition that has sprung up from the GCRCs.

Veterans Health Funding – We continue to work closely with the Friends of the VA (FOVA) to support higher levels of funding for VA health research and services, including supporting a statement from FOVA sent to members of Congress. The House has approved its VA funding bill for FY07. As mentioned last month, we were successful in blocking the \$13 million budget cut recommended in the President's budget, restoring the funding to \$412 million. On the broader VHA budget for medical services, administration, and facilities, the total funding increased \$25 million above the President's requested level, which was \$3.5 billion above the FY06 level.

As of this writing, the Senate has not begun consideration of its version of the legislation.

Pay-for-Performance – We are continuing to closely monitor legislative and, more importantly, administrative action with regard to the creation of a pay-for-performance system and the adoption of quality-related standards. No significant actions have occurred this month, but this continues to be a front-burner issue for CMS. The pressure for legislation has lessened in Congress at the moment, but we are continuing to keep in contact with key players there, as well. In the meantime, key lawmakers on House Ways and Means have vowed to address a physician payment fix for 2007 earlier rather than later.

Health Policy Committee – Working with the Chair, we established the agenda for the Health Policy Committee conference call, produced background materials for the call, alerted members to the time, place and phone number, actively participated in the call, and drafted the minutes of the call.

Health Policy Retreat – We worked closely with the HPC Chair concerning the June 13-14 health policy retreat to better define and focus the HPC's agenda for the coming year. Once all preparatory work was completed, we participated in the two-day, twelve-hour session that substantially redefined the HPC's role within SGIM; redefined CRD's role with the HPC and the Council; restructured the HPC and created the outlines of a work plan for 2007 that will heighten the Society's focus and enhance the role in issues related to health disparities.

Medicaid Identification Issue – As you know from earlier reports, Senator Coburn (R-OK) had expressed an interest in holding hearings on this issue. However, his staff has informed us that there are no plans to follow through on that interest. At this point, we do not believe it is likely that Congress will intervene. It is possible that the courts will be an avenue here, as a class action lawsuit has been filed to stop CMS from enforcing this provision.

CMS RUC Proposed Rule – On June 21, the Centers for Medicare and Medicaid Services proposed changes to work relative value units (RVUs) that will result in increased payments to internists. The work RVUs for evaluation and management (E/M) services will increase significantly. For one code of interest, 99213, the proposed rule creates a 37 percent increase in the work RVU. Since many private health plans use the RVUs for determining their own fee schedules, this proposed rule could increase non-Medicare payments to internists.

July 2006

Congress – Congress is expected to return from the Independence Day recess on July 11 and will be in session until the end of the month, when it will recess for the month of August. Additional action is expected on Appropriations bills during the month in both houses, although the Labor-HHS bill, which is of greatest interest to SGIM, may see no progress. The inclusion of an increase in the minimum wage has created a dilemma for the House leadership, which would like to take it out, but is concerned that its moderate members from the Northeast will suffer politically if they do so.

Title VII – We will continue working with the Health Policy Committee and other advocates in Washington to argue for restoring the cuts recommended in the President's budget for Title VII. Our attention will now be shifted to the Senate, which may or may not consider the legislation this month.

Health Services Research – We will continue to work with both AHRQ and NIH to promote policies that enhance federal funding of health services research. We will also continue to take part in a number of the meetings being scheduled by the Friends of AHRQ with legislators and staff. Much like with other issues in the Labor-HHS bill, we expect attention to be shifted to the Senate in July.

Veterans Health Funding – With the slight improvements in funding contained in the House appropriations legislation, attention will now turn to the Senate. We will be participating in the meetings and other activities of the Friends of the VA to collectively build our lobbying strategy to obtain more funding for veterans health care and research. A date for Senate action is still not established.

National Institutes of Health – Much of our effort seeking increased funding in the House and Senate budget resolutions is designed specifically to enable NIH to receive additional funding in FY2007. The focus on these efforts will continue in July.

Pay-for-Performance – This continues to be an important issue. We will continue to participate in meetings of the major coalitions that are interested in the issue's development and work with the HPC and SGIM's leadership in formulating positions that benefit SGIM members. Legislative action is not expected on pay-for-performance until 2007; a House Ways and Means Committee staff member has said that the issue is unlikely to be considered this year.

Health Policy Committee – Again this month, we will work with the HPC Chair to set an agenda for the monthly conference call, alert members to the call, participate in it, and produce minutes, as well as take any actions derived from the call.

Health Policy Retreat – With the successful completion of the Health Policy Retreat, we will work with the Chair and the new subcommittee structure to begin to implement the changes that are made necessary by the decisions made at the retreat. Implementation of the new charge for the committee from the Council and defining the roles of the new subcommittees will be important endeavors.

CMS RUC Proposed Rule – To ensure that SGIM provides a strong positive response to the proposed rule, we are working with the Chair and members of the committee to coordinate comments with other organizations, like ACP, and to coordinate SGIM member efforts in support of these comments.

Status of Key Legislative Issues

President's Budget – Was delivered to Capitol Hill on February 6. House and Senate budget resolutions are completed.

House Labor-HHS and Veterans Appropriations Bills – The House Appropriations Committee has completed action on both bills. The VA bill has passed the House; the Labor HHS bill has yet to be considered.

Senate Labor-HHS and Veterans Appropriations Bills – Hearings have begun and no dates have yet been set for the drafting of legislation.

AHRQ Reauthorization Bill – Senate HELP Committee staff has indicated an intention to begin working on a bill in the near future, but no action is yet evident.

Title VII Reauthorization Bill – Senate HELP Committee staff expects to begin working on a bill in 2007. The House Energy and Commerce Committee has no current plans.

Pay-for-Performance – Legislative prospects are uncertain and becoming increasingly unlikely for 2006. CMS demonstration project has begun in scaled-back format.

Genetic Information Nondiscrimination Act (GINA) – This bill has passed the Senate; awaiting action in the House, where the leadership has been opposed to its consideration. The Secretary's Advisory Committee on Genetics, Health and Society has expressed some urgency to Congress on the need to adopt it.