



**Cavarocchi-Ruscio-Dennis Associates**

# **Health Policy Report**

**August 6, 2007**

**Congress has adjourned for the month of August.**

**Read below about the current status of:**

**\*\*\*physician reimbursement\*\*\***

**\*\*\*comparative effectiveness research funding\*\*\***

**\*\*\*health disparities\*\*\***

**\*\*\*Title VII funding for primary care training\*\*\***

**...and more.**

## **Overview**

The month of July has been extremely busy in Washington. Congress has taken action on a number of major legislative initiatives that are of great interest to SGIM members. SGIM has been in the thick of the battle to obtain funding for training, research and disparities programs that impact on our members. It has been active in the effort to stave off a scheduled 15 percent cut in Medicare physician payments over the next two years.

Hours before leaving town for a month-long break, Congress has passed major health legislation to extend and expand the State Children's Health Insurance Program (SCHIP), which is due to expire in September. The Senate version addresses only SCHIP; the House bill has provisions related to Medicare reimbursement for physicians, the establishment of a major new program in comparative effectiveness research, language addressing health disparities in Medicare, and more. Both versions have drawn a veto threat from the President.

In addition, the House has passed its FY08 appropriations bill that funds programs such as Title VII, the National Institutes of Health, the Agency for Healthcare Research and Quality, and others. Senate action has been completed in committee, but it is not clear yet how the Senate will proceed and how the differences in the House and Senate bills will be reconciled.

Congress adjourned at 1 a.m. on Sunday, August 5, until after Labor Day. SGIM will be contacting you during August and September to ask for your help in contacting members of the House and Senate to seek their support for the programs of interest to the Society.

This report outlines the status of Governing Council-approved priority issues as we continue with some of the most substantive work of the First Session of the 110<sup>th</sup> Congress. It is in bulleted and brief paragraph format for ease of review. If you require additional information on any of the issues or activities described—or would like to get more involved in advocacy—the last section of this report contains the contact information for the members of the HPC Executive Committee and staff contacts. Please don't hesitate to ask...and to volunteer.

### **Education Subcommittee Issues**

This Fall, House and Senate lawmakers will meet to iron out their differences over spending levels for health professions training programs. High on SGIM's priority list will be preserving increases proposed in the House bill for two key diversity programs: the Centers of Excellence and the Health Careers Opportunity Program (HCOP).

Earlier this year, the House voted to increase the Centers program by \$16.5 million over current funding, to \$28.4 million, while increasing HCOP by \$24.5 million, to \$28.5 million. The Senate bill would simply extend both programs at their current funding levels of \$11.8 million and \$3.9 million, respectively.

In early September, SGIM will call upon its members to contact selected House and Senate members, asking them to adopt the higher House amounts when a compromise bill, i.e. conference agreement, is written.

### **Research Subcommittee Issues**

- **AHRO/Comparative Effectiveness Research Trust Fund:** The House Ways and Means Committee released comprehensive healthcare legislation that included the creation of a comparative effectiveness research (CER) program. The bill would make available a total of \$300 million in the next three federal fiscal years, with the potential for much more in the subsequent years. In the meantime, both the House and

Senate have crafted appropriations bills that increase AHRQ's funding to \$330 million – the first increase in four years. Within this \$330 million is another \$30 million for CER in appropriated funds. With two different committees handling CER differently, SGIM will be working closely with both to assure the maximum benefit for the membership.

- **NIH CTSA:** The House of Representatives (1.9%) and the Senate Appropriations Committee (2.8%) have adopted appropriations bills with modest increases in NIH funding. However, among the programs that will benefit from these increases is Clinical and Translational Science Awards in the National Center for Research Resources at NIH, which is regarded as a high priority item by the NIH leadership. Again, supporting this increased funding is a high priority item. The differences between House and Senate funding levels should be known by September.
- **VA Research:** There have been no new developments with regard to VA medical and prosthetics research during the month of July. The House has passed legislation increasing this funding to \$480 million, an increase of more than \$66 million over the current year. The Senate committee has recommended \$500 million for next year, an \$86 million increase. The Senate may take the bill up in September, with conference action between the two houses to follow as soon as the Senate passes the bill.
- **Other Priorities:** Among the other priority programs we are monitoring, the National Center for Minority Health and Health Disparities at NIH is up \$8 million in the House bill and \$9 million in the Senate bill. Rural Health Research received an \$800,000 increase (9 percent) in both the House and Senate bills. Public Health Research at CDC is level funded in both bills. Again, the House has passed its appropriations bill; the Senate bill is out of committee but not yet scheduled for a vote.

### **Clinical Practice Subcommittee Issues**

- **P4P and SGR:** The House passed the Children's Health and Medicare Protection (CHAMP) Act prior to adjourning for the August recess. Besides reauthorizing the State Children's Health Insurance Program (SCHIP), this legislation replaces SGR cuts of 10% in 2008 and 5% in 2009 with positive updates of 0.5% in both years. However, budget requirements forced House Democrats to increase projected cuts in 2010 and 2011. The CHAMP Act also replaces the SGR methodology with a system of separate updates for six categories of physician

services within the Medicare fee schedule: Primary and Preventative Services, Other Evaluation and Management Services, Major Procedures, Anesthesia Services, Image Services, Minor Procedures and Other Services. The Senate SCHIP reauthorization did not include a similar provision, and this will be an issue during the House and Senate conference on the legislation.

- **The RUC:** The CHAMP Act also establishes an expert panel to identify physicians' services for which the relative value is potentially misvalued. The Secretary of the Department of Health and Human Services would also identify physician services growing at an unusually high annual rate and would have the authority to reduce the work value of specific physician services after consultation with the expert panel and consideration of evidence supporting the clinical appropriateness of the observed rapid growth. This is the first significant action by Congress that affects the authority of the RUC. Like the SGR changes, this was not included in the Senate SCHIP reauthorization and will be an issue in the conference.
- **Medicaid Citizenship Documentation Requirement:** The CHAMP Act amends the requirements for documenting citizenship and identity to allow individuals a reasonable period of time to gather necessary information, allow newborns to meet requirements more easily, and allow additional tribal membership documents to be used as satisfactory evidence of citizenship or nationality. States would also have the option of being allowed to return to pre-July 1, 2006 documentation requirements for children, so long as the State submits to an audit of sample cases to demonstrate compliance. This will be an issue that will be considered in a House-Senate conference of the SCHIP reauthorization.
- **Limited English Proficiency:** The CHAMP Act included a section that requires CMS to conduct a demonstration program of the effect of Medicare reimbursement for culturally and linguistically appropriate services. It also requires the Institute of Medicine to conduct a study and issue a report on the effect of language access services on access to and quality of care. Like the SGR changes and Medicare identification provision, this issue will have to be considered during the House and Senate conference since the Senate bill does not contain a comparable provision.
- **Appropriations Issues:** There has been no significant activity in this area. The House passed its FY08 Labor-HHS appropriations bill approving funding for SGIM programs of interest at the subcommittee approved levels. The full Senate did not consider its Labor-HHS

appropriations bill this month, and it is unclear if the legislation will come before the full Senate after the August recess. The House provided \$2.19 billion for Community Health Centers, while the Senate recommended an increase to \$2.23 billion. For the National Health Service Corps, the House provided \$131.5 million and the Senate provided \$125.6 million; the President had recommended the program be funded at \$116 million. Both the House and the Senate increased funding for Rural Health Research to \$9.5 million from \$8.7 million.

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**To volunteer for the HPC, please contact anyone listed above.**