



Cavarocchi-Ruscio-Dennis Associates

Health Policy Report

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Congress Adjourns for the Year!

Funding bill is signed into law.

Medicare cuts delayed six months.

New Year promises more of the same battles.

Overview

On December 19, the House of Representatives took its last vote of this legislative session, approving a \$555 billion spending measure that combines 11 unfinished appropriations bills. The massive spending bill, which passed the Senate the day before by a vote of 76 – 17, was then sent to President Bush, who signed it into law aboard Air Force One on December 26.

The final vote followed months of contentious negotiations between and among Democrats and Republicans in Congress. But clearly the controlling force in this budget battle was the President and his insistence that Congress not breach his overall budget request for discretionary spending that was submitted in February and that there be no forced withdrawal from Iraq.

In the end, Democrats gave up on their efforts to add \$23 billion for a wide range of health, education and social services programs, settling instead for rearranging budget priorities within the President's overall spending ceiling. The bill also includes \$70 billion for continuing the wars Iraq and Afghanistan, without any meaningful conditions concerning troop withdrawals.

As evidence of the widespread disappointment with the final deal, the House passed the omnibus spending bill by a vote of 272 – 142, with 141 Democrats voting against the measure.

The package includes \$146.3 billion to support discretionary programs funded in the Labor-HHS-Education section. In order to arrive at that total, lawmakers selectively shifted funds contained in a version of the bill that was vetoed by the President in November, then applied an across-the-board cut of 1.747 percent, or about \$2.3 billion. Further detail on programs of interest appears below.

The level of success was not much better with regard to the planned 10.1 percent reduction in Medicare reimbursement rates that was scheduled to take effect on January 1, 2008. The good news is that the cut was delayed. The bad news is that the delay is only effective for six months, meaning that this will continue to be an important area of discussion in the first half of 2008.

This report outlines the status of Governing Council-approved priority issues as we end the First Session of the 110th 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

One of the few bright spots to surface in the waning hours of the legislative session came when lawmakers insisted on boosting support for Training for Diversity programs funded by the Health Resources and Services Administration (HRSA). Of particular note, the entire increase provided for these programs -- \$6.8 million—went to two programs SGIM singled out as priorities this year: the Centers of Excellence program was allocated \$12.8 million, an increase of \$893,000 over current funding levels, while the Health Careers Opportunity Program (HCOP) received \$5.9 million, up from \$3.9 million this year.

Another top SGIM priority, the Training in Primary Care Medicine and Dentistry (TPCMD) program, had been targeted for elimination by the Bush Administration in its budget proposal in February. Congress rejected that recommendation and voted \$48 million for the program, a cut of \$853,000 as a result of the across-the-board reduction.

On a related matter, Congress voted to correct an oversight in the NIH reauthorization statute that was passed in 2006, by including language in the

appropriations bill directing the NIH to set aside one percent of funds available for National Research Service Awards to support research in primary care medicine. The set-aside is to be transferred to the HRSA, as has been the traditional practice.

Research Subcommittee Issues

- **AHRQ/Comparative Effectiveness Research Trust Fund:** The House has passed a CER program that included \$300 million in funding for three years. The Senate has been working on its version of the bill, but has not introduced it as yet. SGIM is focused on getting this legislation enacted at the earliest possible date. In the meantime, the Omnibus appropriations bill increased AHRQ's funding to \$334.6 million – the first increase in four years. Within this amount is \$30 million for CER in appropriated funds. This doubles the amount that was available in FY07 and should provide further grant opportunities for SGIM members, while we continue to work to have a major new program enacted.
- **NIH/CTSA:** The final program level funding for NIH is set in the Omnibus appropriations bill at \$28.9 billion, an increase of only \$133 million above last year, or less than one half of one percent. This increase, which is far below the rate of increase in the Biomedical Research and Development Price Index, will put further pressure on the launch of the Clinical and Translational Science Awards in the National Center for Research Resources. However, this program is regarded as a high priority item by the NIH leadership and SGIM will continue to seek allocation of additional funding to assure its success.
- **VA Research:** The Omnibus appropriations bill included \$480 million for Medical and Prosthetic Research, or \$66 million more than was available last year. This increase of 16 percent was one of the largest in of any program in the Omnibus appropriations bill.
- **Other Priorities:** Among the other priority programs we are monitoring, the Omnibus appropriations bill included a small one quarter of one percent increase for the National Center for Minority Health and Health Disparities at NIH. Rural Health Research, which had been scheduled to receive an \$800,000 increase (9 percent) in the original House and Senate bills, was actually cut by 1.75 percent or \$153,000. Public Health Research at CDC is level funded in the final bill.

Clinical Practice Subcommittee Issues

- **P4P and SGR:** Congress passed a Medicare package before recessing for the holidays. They provided a 0.5 percent update to the SGR in place of the scheduled 10.1 percent cut. Unfortunately, this fix will only be in place for 6 months, so Congress will have to address this issue again in the first half of the year to avert a cut from taking effect in July.
- **The RUC:** Congress's Medicare package did not include any RUC related provisions, and this issue could be revisited when Congress works on its Medicare package in the first half of the year. Expect the RUC to address the addition of a primary care in some manner at its January/February meeting.
- **Medicaid Citizenship Documentation Requirement:** Congress passed an extension of SCHIP through March 2009. This extension did not address the Medicaid citizenship documentation requirements. Congress will have to find another vehicle to address this issue in 2008.
- **Limited English Proficiency:** The Medicare and SCHIP extensions did not include any provisions on this topic.
- **Health Information Technology:** Congress has not taken any new action on this issue. In November, the Senate was scheduled to consider the Wired for Health Care Quality Act. However, several Senators have "holds" on the bill, preventing it from coming to the floor. Republicans expressed concern that the bill does not go far enough to protect personal privacy or establish in law fundamental rights to privacy in patient health information.
- **Appropriations Issues:** Congress appropriated \$2.06 billion for Community Health Centers. For the National Health Service Corps, Congress provided \$123.4 million; the President had recommended the program be funded at \$116 million. Funding for Rural Health Research was cut from \$8.7 million to \$8.5 million.

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To volunteer to serve on the HPC and its subcommittees, please contact anyone listed above.