



**Cavarocchi-Ruscio-Dennis Associates**

# **Health Policy Report**

**November 2, 2009**

- **HEALTH INSURANCE REFORM MOVES INTO A NEW PHASE AS LEGISLATION IS INTRODUCED IN THE HOUSE AND COMING SOON IN THE SENATE**
- **FY10 FUNDING REMAINS COVERED BY A CONTINUING RESOLUTION AS APPROPRIATIONS BILLS STILL ARE NOT ADDRESSED; ACTION EXPECTED**

## **Overview**

### **The Sausage Making Continues**

The old cliché about sausage and legislation being two things you do not want to watch being made has never been truer. We don't know anything about sausage, but the legislative process is continuing to inch ahead. Congress continues to press to pass health insurance reform and funding legislation for FY2010 by the end of the year. While they may not make it, it certainly is not for a lack of effort.

In the House, a major reform bill was introduced on October 29. The various provisions included in the work of the three committees have been blended into a single bill, that will now go to the House Rules Committee, which sets the parameters of the debate that will ensue. At the time of this writing, the

debate is expected to begin about November 5 and could continue through the weekend.

In the Senate, the Health, Education, Labor and Pensions (HELP) Committee and the Senate Finance Committee have completed their versions of the bill. Efforts to merge them have been successful and the bill is expected to be introduced in the Senate during the week of November 2. Because the Senate operates under very different rules than the House, we expect the date there to last a minimum of four weeks.

The Obama administration is now fully engaged in the process – both publicly and in negotiating sessions with the principals in both houses. We fully expect that the next two months will find Congress almost entirely focused on health insurance reform, which has implications for everything else on the agenda.

Congress has again failed to enact its appropriations bills prior to the expiration of the fiscal year on September 30. It has now passed a Continuing Resolution that will keep the government operating through December 18 at FY09 levels or below. It is now expected that all unpassed FY10 appropriations bills may be put into a single omnibus bill that will fund the rest of the government for the balance of the fiscal year.

Much remains to be done to determine whether or not healthcare reform can be enacted in the coming weeks and months. In addition, current year (FY2010) funding issues need to be finalized. SGIM, acting through its Health Policy Committee will continue to work closely with supporters in and out of the Congress to seek the provisions that most significantly benefit general internal medicine.

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### **Education Subcommittee Issues**

As work continues on health care reform, SGIM continues to advocate for workforce issues.

It is anticipated that the bill coming before the Senate would reauthorize the Training in Primary Care Medicine program for another five years, while separating the program from general dentistry. The House version of the bill would reauthorize the program through fiscal year 2019. Both bills would create a National Center for Health Care Workforce, charged with evaluating program effectiveness. The House bill also would provide scholarship and loan repayment support for individuals from disadvantaged backgrounds serving in the health professions, as well as extend the Health Careers Opportunities Program.

With regard to graduate medical education slots, the House bill calls for the redistribution of unused slots by reducing certain resident programs and increasing the primary care limit for qualifying hospitals. The Finance committee also provides for redistribution of slots, and adds stipulations with respect to the hospital's primary care training program.

### **Research Subcommittee Issues**

In general, while research is not a major focus of the overall health care reform debate, one area that continues to receive a disproportionate share of attention is Comparative Effectiveness Research (CER). The situation is unchanged from last month's report. The House and Senate have differing approaches to this area of research. The House (and Senate HELP Committee) favors a science agency-based approach through AHRQ and, to a lesser degree, NIH. The Senate Finance Committee bill would create a private, free-standing institute with "stakeholders" on their governing boards – but not government officials. This has raised some "fox and henhouse" concerns that have yet to be addressed. SGIM continues to work on this issue throughout the legislative process of health insurance reform.

In the meantime, as noted above, little additional action has been taken on research funding issues in the past month:

- The White House announced on September 30 that \$5.0 billion in ARRA research funding has now been awarded through the NIH. Information on specific grants can be found on the NIH RePORT website at [://report.nih.gov/recovery/arragrants.cfm](http://report.nih.gov/recovery/arragrants.cfm).
- The House appropriations bill contains a 3.1 percent increase in funding for the National Institutes of Health. The Senate bill's increase is only 1.4 percent, which is equal to the amount recommended by the President in his budget submission to Congress. This discrepancy will be resolved this fall.
- Both houses have flat-funded the Agency for Healthcare Research and Quality (AHRQ) for FY2010. Of specific interest to SGIM members, however, is a Senate provision that sets aside \$23 million of AHRQ's budget for investigator-initiated research (IIR). This has been a high priority for SGIM for several years and the effort is starting to bear fruit.
- Both houses have also accepted a recommendation from the President to increase research funding in the Department of Veterans Affairs to \$580 million from the current level of \$510 million.

## **Clinical Practice Subcommittee Issues**

- **P4P and SGR:** Both the House and Senate have introduced separate pieces of legislation to address the SGR. The Senate voted not to consider the Medicare Physicians Fairness Act of 2009, which would have eliminated the SGR debt and reset the baseline. Democrats who voted against the bill did so for budgetary reasons; the \$245 billion cost of the fix was not offset. The House recently introduced the Medicare Physician Payment Reform Act, which would repeal the 21 percent cut scheduled for January 1 and replace it with two separate spending targets: one for primary care services and another for all other services. This legislation will be considered along with a PAYGO provision.
- **The RUC:** Senator Jay Rockefeller's concept of strengthening MedPAC and giving it authority to implement Medicare payment policy is getting a lot of attention as the reform discussions continue. However, it was not included in the Senate Finance Committee Mark. Instead, the Mark included a Medicare Commission that would be required to submit a proposal that would then either be approved or modified by Congress in the event that Medicare spending exceeded a specified target. This may be an issue in conference if it remains in the legislation considered by the full Senate.
- **Health Disparities:** The Senate HELP Committee's Affordable Health Choices Act requires that data on health disparities be collected and analyzed for all federal health programs. The House blended bill includes provision to increase access to individuals with limited English proficiency.
- **Health Information Technology:** HHS will offer guidance and specifications by on what constitutes "meaningful use" of information technology for healthcare providers so they can qualify for incentives through Medicare and Medicaid included in the economic stimulus package by December 31.
- **Appropriations:** The House Labor-HHS appropriations bill includes \$56.6 million for Rural Outreach Grants, \$10.2 million for Rural Health Research, and \$2.19 billion for Community Health Centers. The Senate recommends \$55.4 million for Rural Health Outreach Grants, \$9.7 million for Rural Health Research, and \$2.19 billion for Community Health Centers.

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