



Cavarocchi-Ruscio-Dennis Associates

Health Policy Report

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- **THE HOUSE PASSES HEALTH INSURANCE REFORM AND THE SENATE FINALLY BEGINS ITS LONG-AWAITED DEBATE**
- **FY10 FUNDING REMAINS COVERED BY A CONTINUING RESOLUTION NOW THROUGH DECEMBER 18; ACTION POSSIBLE**

Overview

It Seems Interminable, but Congress is Progressing

Last month we cited the old cliché about sausage and legislation being two things you do not want to watch being made having never been truer. While this continues to be the case, we must note that progress is being made and there seems to be at least of chance of success at the end of the process.

In the House, a major reform bill was introduced on October 29 and that legislation was passed by a vote of 220-215 on November 2. In the Senate, the combined work of two committees has been introduced in a single bill and the debate is expected to begin today. Because the Senate operates under very different rules than the House, the debate there is expected to last four to six weeks, pushing it into 2010.

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 no

health insurance reform, which has implications for everything else on the agenda.

As we have reported in the past, 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 any remaining unpassed FY10 appropriations bills as of a yet-to-be-determined date in December will 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.

Education Subcommittee Issues

SGIM continues to advocate for workforce issues. The health care reform bill now being debated in the Senate includes a number of provisions advocated by SGIM, including the reauthorization of Title VII education and training programs. The measure calls for the creation of a national health care workforce commission that will regularly assess workforce needs, and make annual recommendations to Congress and the administration. The bill also extends and strengthens training in general internal medicine. This program, entitled Training in family medicine, general internal medicine, general pediatrics and physician assistantship, would provide five-year grants to develop and operate programs, provide financial aid to trainees and faculty, enhance faculty development and strengthen academic units in primary care. The newly-configured program is authorized for five years, with 15 percent of the funds appropriated to be set aside for physician assistant training programs.

Of particular note, the Senate bill no longer calls for a ratable reduction, a provision in the current statute that effectively diverts two-thirds of appropriations to family medicine.

The Senate bill also extends support for two important diversity programs. The Centers of Excellence program, which develops a minority applicant pool to enhance recruitment, training and academic performance for minorities interested in health careers is reauthorized at \$50 million, or about 150 percent of the 2005 appropriation. The bill also extends scholarships for

disadvantaged students who commit to work in medically underserved areas as primary care providers, and expands loan repayments for individuals who serve as faculty in eligible institutions. The program is authorized to increase from \$37 million in 2009 to \$51 million in 2013.

Lastly, the Senate bill directs the HHS Secretary to redistribute residency positions that have been unfilled for the prior three cost reports and directs those slots for training of primary care physicians. Special preference will be given to programs located in States with a low physician resident to general population ratio and to programs located in States with the highest ratio of population living in a health professional shortage area (HPSA) relative to the general population.

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 House bill, as passed, and Senate bill, as introduced, 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 its governing board. 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 for FY10 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 in any final bill.
- 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:** The House recently passed 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 Senate did not have enough votes to consider similar legislation, and its health care reform legislation replaces the 21 percent cut scheduled for January 1 with a 0.5 percent update.
- **The RUC:** The Senate health reform legislation includes 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, but does not specifically address the RUC process. There is also a provision that gives the Secretary of HHS greater authority over misvalued codes.
- **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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