



Cavarocchi-Ruscio-Dennis Associates

Health Policy Report

December 1, 2008

January 2009 may see:

- Economic stimulus with funding for NIH**
- Passage of FY09 spending bills with increases for diversity programs**
- The introduction of major health care reform legislation.**

Overview

Now that the National Bureau of Economic Research has made official what most people already believed – that the US economy is in a recession and has been since November 2007 -- the leaders of Congress and the in-coming Obama administration are trying to build support for a second economic stimulus package that will jump-start the economy and may ultimately include additional funding for the National Institutes of Health (NIH).

During a brief lame-duck session in November, a \$100.3 billion economic stimulus package was introduced in the Senate with no plans to enact it before President-elect Barack Obama becomes President Barack Obama. Included in that package is \$1.0 billion for NIH. This is about one half of the \$1.9 billion that SGIM and the rest of the healthcare research community indicated it was seeking. Medical research contributes to economic growth by creating skilled jobs, new products and improved technologies. And with six years of flat funding, NIH has numerous approved but unfunded grants that could be ready to go very quickly.

However, with the depth of the recession now becoming clear, the Obama transition team has begun to speak of a significantly larger stimulus package, perhaps as high as \$400 billion. This creates an additional opportunity to increase the research funding in the bill. At the same time, universities are pressing to be included in the infrastructure part of the bill and the argument is getting some traction in Washington. The principal stumbling block is whether the money can be spent quickly enough to have an impact on the current economic malaise.

Also in November, House Majority Leader Steny Hoyer (D-MD) announced legislative priorities for early 2009 and included passage of the FY09 appropriations bills high on the list. House and Senate staff members are working behind the scenes right now to hammer out differences between the bills and passage timed to send the bills to President Obama shortly after his January 20 swearing-in is possible. As we have reported in the past, most of the federal government is currently operating under a Continuing Resolution (CR) that will expire on March 6. If the bills are passed, certain programs such as the Centers for Excellence (COE) and the Health Careers Opportunities Program (HCOP) are expected to receive increases from the FY08 levels.

On the health care reform front, Senator Edward Kennedy (D-MA) and Senator Max Baucus (D-MT) have been continuing to convene meetings with members of both political parties and a wide range of organizations in an effort to craft reform legislation to present to the new president and Congress early next year. Senator Baucus, who chairs the Senate Finance Committee, has released a series of principals. Senator Kennedy, who chairs the Senate Health, Education, Labor and Pensions Committee, has returned to work after a long absence due to brain tumor surgery.

In the paragraphs below, we provide some of the latest information on the status of SGIM's priority issues. If you require additional information on any of the issues or activities described, 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

While for the near-term, securing adequate appropriations for key Title VII training programs remains a priority, SGIM is also engaged in helping to set a long-term agenda to meet tomorrow's workforce training needs.

For the past several months, the Education subcommittee has been working with Senator Hillary Clinton's (D-NY) office on the development of legislation to reauthorize Title VII. As a result of SGIM's involvement, the legislation,

which was introduced during a brief lame-duck session, contains a number of changes designed to strengthen and expand the current set of training activities. First and foremost, the legislation recognizes that primary care is the linchpin of our health care system and that an adequate, well-trained primary care workforce is critical to the success of any health care reform measures Congress undertakes.

The measure calls for a more comprehensive approach to addressing the systemic needs of our health care system, including the creation of primary care training institutes that will promote all-important collaboration across all primary care disciplines, as well as partnering with community health centers in a way that will speed the translation of research into community practice. The work of these institutes will help contribute to better health outcomes by fostering the development of the patient-centered medical home model.

While Senator Clinton has been tapped to join the Obama administration, SGIM is hopeful that the Title VII provisions contained in her bill will be adopted by others.

Research Subcommittee Issues

- **AHRQ/Comparative Effectiveness Research Trust Fund:** Resolving the appropriations stalemate discussed above is critically important for AHRQ, where SGIM had a major victory in June. The Senate bill retains AHRQ funding at \$334 million, but creates a \$6.0 million fund for investigator-initiated research. The House bill is even better. It funds AHRQ at \$375 million. Included within that is \$50 million for comparative effectiveness research (up from \$30 million in the current year and in the President's budget recommendation). The House bill also funds investigator-initiated research – at a level of \$13.0 million.
- **NIH/CTSA:** The Senate version of the NIH appropriations bill contains a \$1.025 billion increase for the National Institutes of Health. Included within the \$30 billion in total funding is \$474 million for the Clinical and Translational Science Awards program, up from \$471 million in FY08. The House appropriations bill has a \$1.2 billion increase for NIH. While the bill does spell out a specific amount for CTSAs, the committee report does express disappointment with the underfunding of the program and asks for a report on the status of the program.
- **VA Research:** The VA, along with Defense and Homeland Security, is among the few departments whose appropriations bills were passed by Congress. And SGIM did enjoy a victory in the research funding included there. Congress increased funding for medical and

prosthetics research from \$480 million in the current year to \$510 million for FY09, an increase of 6.25%.

- **Other Priorities:** Among the other priority programs we are monitoring, the budget for the National Center for Minority Health and Health Disparities at NIH would increase by the same percentage as the overall House and Senate levels for NIH (about 4.1% and 3.3%, respectively). Rural Health programs at HRSA that the White House recommended slashing from \$129 million to \$17 million are funded at \$122 million in the House and \$143 million in the Senate. Public Health Research at CDC is level funded in both bills at \$31 million. The CR retains all of these programs at their FY08 levels.

Clinical Practice Subcommittee Issues

- **P4P and SGR:** As Congress prepares to draft healthcare reform legislation to be introduced in the next Congress, Senate Finance Committee Chairman Max Baucus released a white paper outlining his vision for health care reform. In it, he recommended that the role of primary care be strengthened, one possibility for reforming the SGR would be to replace it with multiple expenditure targets and that physicians eventually be required to participate in quality reporting programs that will include both incentives and penalties.
- **The RUC:** At a recent meeting of the ACP Subspecialty Advisory Group on Socioeconomic Affairs, subspecialty groups discussed the process for nominating the next RUC chair. There potentially may be 3 non-proceduralist/cognate nominees, but representatives expressed concern about uniting behind one nominee because of concern about alienating the non-proceduralist groups with other nominees. The group will also focus efforts on securing a primary care seat and having subspecialty groups (GI, pulmonary and oncology/hematology) that meet the RUC's criteria secure seats.
- **Health Disparities:** Congress included the Medicaid moratorium, which prevents the Centers for Medicare & Medicaid services from implementing a proposed rule that would eliminate Medicaid graduate medical education payments to teaching hospitals in its 2008 emergency supplemental appropriations bill. CMS will not be able to implement this rule until April 2009; at that time, another administration will be in place and it may not want to continue this policy from the Bush administration.

- **Health Information Technology:** President-elect Barack Obama named wider adoption of health information technology as an example of a “twofer” that offers both a short-term stimulus to the economy as well as enhanced prospects for long-term economic growth. Expect to HIT legislation considered early in the 111th Congress.
- **Appropriations Issues:** The House and Senate have begun working on the Labor-HHS appropriations bills. The following are the recommended funding levels for programs of interest: \$134.9 million in the House and the Senate and for the National Health Service Corps, \$2.16 billion in the House and \$2.2 billion in the Senate for Community Health Centers, \$9.7 million in the House and \$9 million in the Senate for Rural Health Research and \$53.9 million in the House and \$51.4 million in the Senate for Rural Health Outreach Grants.

Health Policy Executive Committee Contact Information

Bill Moran, HPC Chair	moranw@muscd.edu
Laura Sessums, HPC Co-Chair	laura.sessums@us.army.mil
Nancy Rigotti, Council Liaison	nrigotti@partners.org
Preston Reynolds, Chair, Education Sub.	pprestonreynolds@comcast.net
Harry Selker, Chair, Research Sub.	hselker@tufts-nemc.org
John Goodson, Chair, Clinical Practice Sub.	jgoodson1@partners.org
Patty Harris, Chair, Member Devel. Sub.	patricia.f.harris@medstar.net
Francine Jetton, SGIM Staff	jettonf@sgim.org
Lyle Dennis, CRD Associates	ldennis@dc-crd.com
Dom Ruscio, CRD Associates	druscio@dc-crd.com
Erika Miller, CRD Associates	emiller@dc-crd.com

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