



Cavarocchi-Ruscio-Dennis Associates

Health Policy Report

February 3, 2009

SPECIAL REPORT:
Congress returns to consider stimulus package that includes funding for Health Professions education and training; NIH and AHRQ research; important Medicare and Medicaid provisions; and more.

Overview

Washington Welcomes President Obama and Gets to Work

In front of an estimated 1.8 million persons on the National Mall, stretched from the Capitol to the Lincoln Memorial – a distance of two miles – President-Elect Barack Obama became President Barack Obama on January 20. Thus began a new era in Washington in which the Administration will attempt to convert the campaign focus on “change” and “hope” into public policy.

First up on the congressional agenda in response to the new Administration is an economic stimulus bill designed to put Americans back to work quickly and revive a moribund economy that has been non-responsive to other stimuli and incentives. The bill, as crafted by the House of Representatives, contains a number of provisions of interest to SGIM members. Those provisions are discussed in more detail in the Education, Research and Clinical Practice sections below.

Looking at the total bill, the House passed its version on January 28. The Senate began debate on its version on February 2. If the bill passes in the Senate, the two houses will have to work out differences in the bills and pass them in the same form to be able to send it to President Obama for his signature.

The stated goal of the congressional leadership is to pass this legislation by February 13, after which Congress is scheduled to embark on a week-long President's Day recess. If they fail to complete legislative action by that time, there will be enormous pressure for lawmakers to stay in session until the bill is done.

Education Subcommittee Issues

Recognizing that an essential component of attaining universal health care reform will be ensuring an adequate supply of primary health care providers, the House economic recovery package includes \$600 million (equally divided between FY2009 and FY2010) for training primary care physicians and nurses, or about double what is currently being allocated for those programs. While the legislation does not specify exactly how the funds will be allocated, its supporters note that, according to HHS, 7,000 additional primary care physicians are currently needed in rural and inner-city areas, and that by 2020 there will be a shortage of 66,000 primary care physicians nationwide. The Senate version of the recovery package focuses solely on increased support, \$1 billion, for community health center modernization. The House bill includes \$1 billion for CHC modernization and \$500 million for new centers.

Research Subcommittee Issues

- **AHRQ/Comparative Effectiveness Research:** Both the House and Senate versions of the bill contain \$1.1 billion for comparative effectiveness research (although the Senate bill refers to it as comparative clinical effectiveness research). Of the total included in the bill, all of which is appropriated to AHRQ, \$300 million would remain there; \$400 million is transferred to NIH for its CER; and \$400 million is transferred to the Secretary of HHS's Office for a coordinating council and other less specifically described purposes. As this is written, at least two members of the Senate are considering offering an amendment to knock out this funding. An SGIM CapWiz alert is posted and members are urged to contact their Senators to support this funding.

- **NIH:** The House version of the bill contains \$1.5 billion for NIH funding research. It also includes another \$1.5 billion the construction and renovation of university research facilities. The Senate bill contains \$2.7 billion in research funding (split evenly between a distribution to the institutes and centers and the Common Fund controlled by the Director); \$500 million for construction and renovation of university research facilities; and, \$300 million for construction and renovation of NIH's facilities. At this writing, Senator Arlen Specter (R-PA) has introduced an amendment to add \$6.5 billion to the research funding to be split among the NIH institutes and centers.

Clinical Practice Subcommittee Issues

- **P4P and SGR:** As the timeline for health care reform starts to slip, Congress still must deal with the 20 percent cut in the SGR set to occur January 1, 2010. According to CBO estimates, it will cost \$439 billion to fix SGR with inflationary updates and \$318 billion for a 10 year freeze. The issue of how to address this cut will remain a priority even if broad health care reform is postponed until next year.
- **The RUC:** The next RUC chair will be selected early this month. While there are nominees from AOA, AAFP and AAP, it appears that Dr. Barbara Levy from ACOG is likely to be selected as the next chair.
- **Health Disparities:** In the stimulus package, Congress extended the Medicaid moratorium, which was scheduled to expire on March 31, until June 30. This will prevent Medicaid regulations relating to cost limits on public providers, GME payments, provider taxes, rehabilitative services, targeted case management services and school administration and transportation from taking effect. The legislation also placed a moratorium on the implementation on a regulation relating to outpatient hospital services, which had not been included in the moratorium passed last year.
- **Health Information Technology:** Both the House and the Senate including funding for health information technology adoption in their economic stimulus packages; the House included \$20 billion and the Senate \$23 billion. If the Senate passes its bill at this funding level, the difference will be reconciled in conference. Other HIT related issues included in this legislation include requiring the adoption of national standards by 2010, incentives for provider adoption and the strengthening of Federal privacy and security laws.

- **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.

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