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Health Policy Report

March 6, 2009

The 111th Congress begins at a rapid pace. The Stimulus Bill is now law; the FY09 appropriations bill is moving; and, the President will present the FY10 budget within weeks. And, then there is healthcare reform....

Overview

A Lot of Action, A Lot of Money, A Lot of Concern

The phrase “hit the ground running” has become a cliché in Washington to describe every new Administration and every new Congress. But, in this case, for the most part, that has been the experience of the new Obama administration and the 111th Congress.

The American Recovery and Reinvestment Act (ARRA) that we described in last month’s report is now law. The new statute contains a number of provisions of great importance to SGIM members. Those provisions are discussed in more detail in the Education, Research and Clinical Practice sections below.

Close on the heels of the ARRA legislation, Congress has also moved the FY09 Omnibus Appropriations bill that contains important funding provisions for the current fiscal year, which is currently funded by a Continuing Resolution (CR) due to expire March 9 (after a short extension). The House has passed

the final version of this legislation and the Senate will need to do so before the expiration of the CR. The alternative would be to fund the entire year at FY08 funding levels.

The President has sent to a Congress a broad outline of the parameters of the FY10 budget that he will send to Capitol Hill later, likely in the first week of March. When that budget is released, SGIM will have a major challenge to increase or preserve the funding that is included in it.

And, in the midst of all this budget and appropriations action, four congressional committees continue to work behind the scenes to develop a comprehensive proposal to overhaul the entire American healthcare system. The Senate Finance and HELP Committees and the House Ways and Means, and Energy and Commerce Committees are developing and vetting proposals. Several key Senators have indicated an intention to move legislation in the Senate by Memorial Day.

Education Subcommittee Issues

Recognizing that the success of any health care overhaul will depend heavily on the available supply of primary health care providers, the economic recovery package includes \$500 million (equally divided between FY2009 and FY2010) for health professions training programs. Of the total, \$200 million is allocated for all the disciplines trained through the primary care medicine and dentistry program, the public health and preventive medicine program, the scholarship and loan repayment programs authorized in Title VII (health professions) and Title VIII (nurse training) of the Public Health Service Act, and grants to training programs for equipment. The remaining \$300 million is allocated for the National Health Service Corps recruitment and field activities. Up to 0.5 percent of the funds may be used for administration.

HRSA is required to provide a detailed operating plan to Congress within 90 days, outlining exactly how the funds will be allocated across programs and the timelines for spending.

In other news, President Obama has appointed Mary Wakefield to head the Health Resources and Services Administration (HRSA).

Wakefield is regarded as an expert in rural health care, patient safety, Medicare payment policy, and workforce issues and public policy. She previously served as director of the Center for Health Policy, Research and Ethics at George Mason University in Northern Virginia and has been chief of staff to two Democratic senators.

Research Subcommittee Issues

- **AHRQ/Comparative Effectiveness Research:** ARRA contained \$1.1 billion for comparative effectiveness research. Of the total included in the bill, \$300 million will be spent by AHRQ; \$400 million will be spent by 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. SGIMers response to an earlier CapWiz alert helped preserve this funding. In addition, the FY09 appropriations bill now pending in Congress includes \$50 million for AHRQ (up from \$30 million last years) and targets \$13 million in spending in new investigator initiated grants.
- **NIH:** ARRA contains \$10.0 billion in NIH funding (not including the \$400 million of CER money described above), of which \$8.2 billion is for research. Of that total, \$7.4 billion goes to the Institutes and Centers (as well as the Common Fund) in proportion to their current levels and the remaining \$800 million stays with the Office of the Director for short-term innovative research projects. The FY09 Omnibus appropriations bill includes an increase for NIH of \$932 million or about 3.2 percent.

Clinical Practice Subcommittee Issues

- **P4P and SGR:** Congress still must deal with the 20 percent cut in the SGR set to occur January 1, 2010. It appears that this will be an integral part of any healthcare reform legislation. According to CBO estimates, it will cost \$439 billion to fix SGR with inflationary updates and \$318 billion for a 10 year freeze. Healthcare reform efforts regarding quality may include P4P in some form.
- **The RUC:** Dr. Barbara Levy from ACOG has been selected as the next RUC 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:** The stimulus package includes \$19 billion for HIT. It codifies the Office of the National Coordinator and sets a time line to test and adopt standards. It creates federal loan and grant programs to support HIT and creates new privacy provisions. The bulk of the funding will be used for Medicare and Medicaid incentives for providers to use EHRs.
- **Appropriations Issues:** The FY09 omnibus appropriations bill contains funding for the following programs of interest: \$134.9 million for the National Health Service Corps, \$2.19 billion for Community Health Centers, \$9.7 million for Rural Health Research and \$53.9 million for Rural Health Outreach Grants.

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