



Cavarocchi-Ruscio-Dennis Associates

Health Policy Report

April 1, 2009

- **Congress enacts the FY09 Omnibus Appropriations bill, setting funding levels for all HHS programs.**
- **The President's FY10 budget will be sent to Capitol Hill this month.**
- **Healthcare reform remains under active discussion.**

Overview

Congress, Administration Continue Fast Pace

Congress and the White House have continued in March to address substantive issues that have been left unaddressed for years. The result has been a fast pace with both the House and Senate meeting more frequently than during comparable periods in other administrations.

The American Recovery and Reinvestment Act (ARRA), commonly known as the Economic Stimulus bill, was the first order of business. That was quickly followed by the FY09 Omnibus Appropriations bill that contains important funding provisions for the current fiscal year. Both houses passed that legislation in March and the final bill was signed into law by the President prior to the expiration of the Continuing Resolution on March 9.

Congress continues to await the submission of the President's FY10 budget request that he is now expected to send to Capitol Hill during the month of April, probably after Congress returns from the Easter/Passover recess on

April 20. When that budget is released, SGIM will be working with its colleagues in the Washington healthcare advocacy community to seek to either increase or preserve the funding that the President is recommending.

There are now five congressional committees that 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, Energy and Commerce, and Education and Labor Committees are developing and vetting portions of the proposals that they hope will eventually be translated into law.

It is now expected that a bill could be on the floor of the Senate as early as June and there is serious interest in having this issue resolved in 2009. However, Congress has a long history of missing deadlines on major legislation.

Education Subcommittee Issues

Once again, Reps. Diana DeGette (D-CO) and Cathy McMorris Rodgers (R-WA) are circulating a “Dear Colleague” letter asking their fellow House lawmakers to sign onto a letter in support of increased funding for the Title VII health professions programs. The letter urges the House Appropriations Committee to provide \$330 million in FY 2010 for the Title VII programs to "enable them to continue to improve the distribution, quality, and diversity of the health professions workforce in a manner that is consistent both with the needs of the nation and the President's pledge to invest in strengthening the health care workforce."

If Reps. DeGette and McMorris Rogers are able to demonstrate strong support among their colleagues—last year’s letter carried 131 signatures—that will go a long way towards convincing the committee to adequately fund Title VII.

As a follow on to SGIM’s Capitol Hill Day, participants were asked to contact those congressional offices they visited and urge them to sign onto the letter.

We will report on the number of signatures gathered as soon as the official letter is sent, probably on April 3.

A companion Senate letter is expected to be circulated shortly.

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. In addition, the FY09 appropriations bill that has now been enacted by Congress includes \$50 million for CER in AHRQ (up from \$30 million last year) and targets \$13 million in spending in new investigator-initiated grants.

- **NIH:** ARRA contained \$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. For FY10, the Washington healthcare advocacy community is seeking at least a 7 percent increase for NIH consistent with the President's campaign platform to double the investment in science over the next ten years.

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. If this is not part of broad health care reform legislation, it will be included in a separate Medicare reform bill. 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. Of this total, \$2 billion will be distributed in the form of grants and loans for planning, infrastructure and acquisition. These

announcements have not yet been released, but when they are we will share those details with SGIM. The Medicare and Medicaid program will receive \$17 billion which will be used to reward providers for “meaningful use” of HIT, not for HIT acquisition. While “meaningful use” has not yet been defined, it has been speculated that it will require participation in e-Prescribing and quality reporting programs. In the out years, there will be Medicare and Medicaid penalties for providers who are not meeting the “meaningful use” standard.

- **Appropriations Issues:** The FY09 omnibus appropriations bill, which has now been enacted, 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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