



Cavarocchi-Ruscio-Dennis Associates

Health Policy Report

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Congress returns from its spring recess.

Prospects for major legislative action bleak.

Overview

After spending two weeks back home in their districts (or in the far-flung corners of the world), members of the House and Senate returned to Washington at the beginning of April facing a pile of issues that just continues to get higher, more intractable, and less likely to be resolved in the short-term.

The President has recommended a budget that includes a deficit on the north side of \$400 billion. The economy continues to display the classic signs of a recession, with even the Federal Reserve chairman willing to use the word. The housing crisis – in terms of rising foreclosures and a tightening credit market – saps the confidence of the American people. The Iraq War continues to flare with new fronts opening throughout the country, while the Taliban reestablishes its hold in Afghanistan. Is it any wonder that 81 percent of the American people tell pollsters they think the country is on the wrong track?

In the face of all this negativity, Congress has to find some way to function and address issues that no one really believes it is going to solve, while the entire House of Representatives and one-third of the Senate runs for reelection. Oh, and there is a minor contest going on for control of the White House, as well.

Several of the issues facing the Congress are rather pressing. Absent any action, physician reimbursement under Medicare will be slashed by 10.6 percent on July 1. The annual budget and appropriations war is starting to heat up with some members insisting the solution to our problems is to slash spending and others seeking to increase it. And the end of the fiscal year on September 30 will be here before you know it. Love it or hate it, the war has to be funded to a greater or lesser extent and the government needs to continue to operate.

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

In mid-March the House and Senate each passed versions of the \$3 trillion fiscal year 2009 budget resolution (H. Con. Res. 312; S. Con. Res. 70), non-binding legislation that is intended to provide spending guidelines for lawmakers as they craft appropriations legislation later this year.

With regards to discretionary spending—the category of funds available to support health professions training, medical research and other social programs—the House-passed budget resolution provides \$25.4 billion more in discretionary spending than the President's request; the Senate bill would allow \$21.8 billion more than the President. Over the next few weeks, Congress will attempt to reconcile those and other differences, setting the stage for action on individual spending bills.

In March, SGIM called on its membership to contact their elected officials in support of a congressional Dear Colleague letter urging the Appropriations Committee to restore Title VII health professions funding to its fiscal year 2005 level of \$300 million; 127 members responded with emails to Congress. As a result, the House Dear Colleague letter was co-signed by 131 lawmakers; the Senate letter carried 49 co-signers.

Within the next few weeks, the House and Senate Appropriations Committees will complete their oversight hearings and begin work on developing specific funding recommendations. Preliminary word is that mark-up of the Labor-HHS-Education appropriations bill could begin as early as June. Later this month, SGIM members will be urged to weigh in again by asking lawmakers to urge their colleagues on the Appropriations committees to push for higher funding for three key programs: Training in Primary Care Medicine and

Dentistry, Centers of Excellence and the Health Careers Opportunity Program.

Research Subcommittee Issues

- **AHRQ/Comparative Effectiveness Research Trust Fund:** The President's budget for FY09 reduces funding for AHRQ by about \$9 million, from \$334 million to \$325 million. However, within that total, it retains the current \$30 million funding level for Comparative Effectiveness Research (CER). At the same time, SGIM continues to work closely with the House and Senate committees of jurisdiction to seek the authorization of a larger CER program retained within AHRQ. We expect this initiative to be a year-long project at a minimum and will continue to call on SGIM members to support the effort. The opportunity that CER presents to open a large new venue of research does not come along everyday and SGIM is working hard to take advantage of it.
- **NIH/CTSA:** The final program level funding for NIH is set in the FY08 Omnibus appropriations bill at \$28.9 billion. Unfortunately, as we reported last month, the President's budget for FY09 retains this level with no growth and no recognition of the rate of increase in the Biomedical Research and Development Price Index. This will, of course, put further pressure on the launch of the Clinical and Translational Science Awards in the National Center for Research Resources. The tight funding has already created significant cutbacks in this critical program, particularly for those recipients in the second round of funding. SGIM will continue to work with NIH and with the Congress to seek additional funding targeted at this program.
- **VA Research:** Medical and prosthetic research at the VA is currently funded at \$480 million. The President's FY09 budget would retain it at this level. SGIM has joined with a number of advocacy groups to seek an increase to the level of \$550 million. With the pressures on the VA as a result of the wars in Afghanistan and Iraq, the need for making quick and targeted advancements in care and research is axiomatic. This is an area where failure by Congress to enact funding bills could have a negative impact.
- **Other Priorities:** Among the other priority programs we are monitoring, the President's budget flat-funds the National Center for Minority Health and Health Disparities at NIH. Rural Health programs at HRSA are slashed from \$129 million to \$17 million. Public Health Research at CDC is level funded in the President's budget. The cuts to rural health could actually be addressed by passage of a Continuing

Resolution, which potentially could retain the current level of funding with no reductions.

Clinical Practice Subcommittee Issues

- **P4P and SGR:** Senate Finance Committee Chairman Max Baucus is working on a physician pay fix to block the 10.6 percent cut scheduled to take effect on July 1. Baucus favors an 18 month fix, but how the fix would be paid for is still unclear. On April 11, Baucus will be meeting with physician groups to relay his priorities for the package. It appears that when complete the package will go directly to the Senate floor for consideration to prevent it from being hung up in the Committee.
- **The RUC:** SGIM continues to advocate for an expert panel to examine misvalued services to be included in the Medicare package; this provision was included in last year's House passed CHAMP Act. SGIM sent a letter to Senate Finance Committee Chairman Max Baucus and Ranking Member Charles Grassley urging that they include the expert panel in their Medicare package.
- **Health Disparities:** SGIM signed a letter that was circulated by the Racial and Ethnic Disparities Coalition, asking Congress to take action on minority health legislation.
- **Health Information Technology:** Congress has not taken any new action on this issue. Action in the Senate on the Wired for Health Care Quality Act has remain stalled because of privacy concerns. Negotiations between the Judiciary Committee and the HELP Committee have begun, but no agreement has been reached.
- **Appropriations Issues:** The President's budget was released in February; in it, he recommended the following funding levels for programs of interest: \$121 million for the National Health Service Corps (- \$3 million from FY 08), \$2.09 billion for Community Health Centers (+ \$27 million), \$9 million for Rural Health Policy Development (+ \$0.2 million) and the elimination of Rural Health Outreach Grants (- \$48 million).

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