



Cavarocchi-Ruscio-Dennis Associates

Health Policy Report

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Congress continues to tread water on funding and reauthorization issues.

“Wait ‘till next year,” becomes the mantra.

Overview

Last month we told you that, after a two-week recess, Congress came back to Washington with a pile of work in front of them and little prospect that it would get done. A month later the situation remains much the same.

The House and Senate have yet to agree on the broad parameters for funding in FY09, known as the Budget Resolution. The American people believe the country is in a recession, even if the economy does not fit the technical definition. What had been a sub-prime mortgage crisis has morphed into a full-scale credit crisis, threatening to further drag down the economy. The month of April finds American casualties in the Iraq War at their highest levels since September 2007. And, the Democratic presidential race is starting to look like a basketball game in quadruple overtime with both teams so exhausted they can't think straight.

In the face of all this negativity, Congress has to find some way to function and address some “must-do” legislation. For example, physician reimbursement under Medicare will be slashed by 10.6 percent on July 1 unless the Congress acts. 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. Discussions about moving a supplemental appropriations bill are proceeding – with every expectation that the President will veto it and Congress will fail to override and have to capitulate.

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

Democratic lawmakers are hopeful that Congress can reach an agreement on the Budget Resolution despite the fact that Congress has failed to do so during the last three election years. In the absence of an agreement, the Appropriations Committees must wait until at least May 15 before beginning to mark up spending bills. Preliminary information indicates that the House Appropriations Committee will likely begin work on the Labor-HHS bill sometime in mid-June, with Senate committee action most likely in late June or after the July 4th recess.

In preparation for those mark-ups, SGIM called on its membership to contact their elected officials in support of House and Senate "Dear Colleague" letters urging the Appropriations Committee to restore Title VII health professions funding to its fiscal year 2005 level of \$300 million. As a result of those efforts, 131 representatives and 49 senators signed the letters.

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.

On another front, the Health Resources and Services Administration (HRSA) has proposed a new methodology for designating health professional shortage areas (HPSA) and medically underserved populations (MUP). SGIM has sent a letter to the Health Resources and Services Administration seeking a 90-day extension (through the end of August) to the comment period, to permit more study on the impact this new methodology would have, not only on community health centers, but also on the range of programs whose funding formulas are based on this calculation, including Training in Primary Care Medicine and Dentistry.

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 scientifically-based CER program. This may occur in the context of an AHRQ reauthorization bill or it may move as free-standing legislation. 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 the prospect of significant cutbacks in this critical program, particularly for those recipients in the second round of funding. SGIM is continuing to advocate aggressively with NIH and with the Congress to seek additional funding targeted at this program. Our goal is to obtain NIH's own recommendation of 60 fully-funded CTSA's.
- **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 that belong to the Friends of VA Medical Care and Health Research to seek a funding increase to the level of \$555 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 obvious. This is an area where failure by the Administration to support and Congress to enact funding bills could have a substantial 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:** The Senate Finance committee is still drafting its physician pay fix legislation, which they hope to have through the Senate before Memorial Day. Specifics about this legislation still have not been revealed, but we know that it is likely to be an 18 month fix with small positive updates and that it will include a provision beneficial to primary care.
- **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. At this point, it does not appear that this will be in the Senate package, but it will be an issue in the House-Senate conference that will occur in June. The RUC met in Chicago in April. At this meeting, the RUC overwhelmingly approved values for the Medicare patient centered medical home demonstration project. This will be a three year demonstration that takes place in 8 states. Participating practices will fall into one of three tiers based on their health information technology capabilities. Tier 3 practices with advanced HIT capabilities will receive approximately \$50 per member per month, and the RUC estimated that the panel size will be approximately 250 patients.
- **Health Disparities:** By a vote of 342-62, the House passed legislation that imposed a moratorium until April 1, 2009, on Medicaid regulations that would prohibit states from using Medicaid funding for physician training, limit reimbursement to hospitals and nursing homes operated by state and local governments and limit coverage of rehabilitation services for individuals with disabilities and mental illness. Senate Majority Leader Harry Reid granted fast-track status this legislation, and it will bypass the Senate Finance Committee and go straight to the Senate floor.
- **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.