



Cavarocchi-Ruscio-Dennis Associates

Health Policy Report

May 30, 2008

Appropriations bills may take first tentative steps in June. Be sure to respond to CapWiz alerts as they arrive - including the one that is sitting in your Inbox right now!

Reauthorization bills short-term fate remains uncertain.

Overview

The month of May saw a small amount of forward progress in Congress on matters budgetary. And that progress is likely to trigger some legislative action on appropriations bills.

The House and Senate have now agreed on the broad parameters for funding in FY09, known as the Budget Resolution. As a result, there is active discussion in both the House and Senate of moving appropriations bills, at least at the subcommittee and full committee level. It remains very unclear whether any of the bills – other than those that are defense-related – will come to the floor for a vote before the election in November.

Nevertheless it is very important that SGIM and other like-minded organizations continue to press for funding levels to be set at levels adequate to continue and strengthen programs. Title VII and AHRQ funding need to be increased above the levels recommended by the President – especially Title VII since the recommended level was zero.

In addition, the Senate Finance Committee is planning to address physician reimbursement under Medicare in early June. Without action, reimbursements will be slashed by 10.6 percent on July 1. A supplemental appropriations bill is proceeding to fund the war – and the Senate has added \$400 million for NIH and \$200 million for NSF to the bill. While that funding may get stripped out before the bill is signed into law, it is an important statement by Congress of its support for research funding.

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

Now that lawmakers have struck an agreement on an overall spending plan, House and Senate Appropriations Committee staff are in the preliminary stages of crafting recommendations, with a view toward scheduling formal mark-up of the Labor-HHS-Education appropriations bill in mid-June.

In advance of those decisions, all SGIM members are being urged to respond to the latest Cap Wiz alert, asking lawmakers to restore vitally important funding for health professions training programs, and boost support for the Agency for Healthcare Research and Quality. If you have not already done so, please take a moment now to contact your House and Senate legislators. Go to SGIM.org and click "Advocate for SGIM!" under the Latest News column.

Research Subcommittee Issues

- **AHRQ/Comparative Effectiveness Research Trust Fund:** As you know, 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). SGIM has joined with other groups supporting a \$360 million funding level, something you can support by responding to the CapWiz alert you recently received. At the same time, we continue 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 President's budget for FY09 retains NIH at its FY08 level with no growth and no recognition of the rate of increase in the Biomedical Research and Development Price Index. As noted in the introduction, an effort is being made in the Senate to increase current funding by \$400 million, but ultimately this is not expected to succeed. The flat funding for FY09 will put further pressure on the availability of funds for 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 third round of funding. SGIM is continuing to advocate aggressively with NIH and with both houses of the Congress to seek additional funding targeted at this program. Our goal is to obtain nothing less than 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. Some in Congress recognize this and are pushing hard for the VA appropriations bill to move forward. However, policy disputes over veterans benefits could impact negatively on that prospect.
- **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. However, other programs would suffer under that scenario, so it remains to be seen what action if any Congress takes this year.

Clinical Practice Subcommittee Issues

- **P4P and SGR:** The Senate Finance Committee has not yet released its physician pay fix legislation. Chairman Baucus will be releasing his package shortly, and the Republicans will have a separate package. Early reports are that Baucus's package will include a 0.5 percent update in 2009, extend the PQRI through 2010 with a 2 percent incentive payment, and include an electronic prescribing provision. Baucus would like to pay for the fix by cutting indirect medical education payments to the Medicare Advantage plans and other Medicare Advantage cuts. Ranking Member Grassley would like to avoid cuts to the Medicare Advantage plans.
- **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. 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. SGIM membership may be called on to act quickly to contact conferees in support of including this provision in the final bill.
- **Health Disparities:** On May 22, the Senate passed an emergency supplemental spending bill that included language that would prevent the Centers for Medicare & Medicaid services from implementing a proposed rule that would eliminate Medicaid graduate medical education payments to teaching hospitals. The House passed this moratorium last month by a veto-proof majority, so it appears that Congress will prevent the enactment of this proposed rule.
- **Health Information Technology:** An agreement has been reached on the privacy provisions, and Senator Leahy will no longer prevent action on this legislation because of privacy concerns. Expect to see the Senate consider this some time this summer.
- **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.