



Cavarocchi-Ruscio-Dennis Associates

Health Policy Report

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The Senate moves funding bill, while the House stalls

The House addresses physician pay fix, while the Senate stalls.

Both situations will impact SGIM members.

Overview

The month of June has seen a flurry of legislative action on issues of great interest to SGIM members, but the end result has been more than unsatisfying. It is actually going to have substantial negative effects moving forward for the rest of the year.

While many of the specifics are dealt with in the sections below related to Education, Research and Clinical Practice, suffice it to say that Congress has attempted to move forward on funding and pay issues, only to be stymied by a recalcitrant minority of members who see political advantage in disrupting the flow of business on Capitol Hill.

The Appropriations subcommittees in the House and Senate that handle many of the programs and agencies of interest to SGIM (Title VII, AHRQ, NIH, etc.) completed action on their bills this month and sent them to the full committee. The Senate Appropriations Committee advanced their bill on June 26,

reporting it out of committee where it is now available to be considered on the floor of the Senate.

In the House, however, the Republican minority offered an unprecedented motion on the legislation to strip all of its provisions and replace them with the Department of the Interior appropriations bill. This was done out of the belief that they would obtain some sort of political advantage by forcing votes on issues related to offshore drilling, and other energy policies. When it became clear that the Republicans were intent on offering a series of amendments that would effectively stop consideration of the health appropriations bills, the subcommittee adjourned without taking any action.

Conversely, on the Medicare physician pay fix, the House passed legislation to address it. While it was not everything that SGIM was seeking, it would have prevented the 10.6 percent cut in reimbursement schedule to take effect July 1. The Senate bill was being filibustered and the vote “invoke cloture” or end the filibuster received 59 votes. However, 60 affirmative votes are required under Senate rules to move to a vote on a bill and Senator Kennedy’s illness made it impossible for him to be there to vote. The Senate is expected to try again to address this issue in July.

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

Congressional action on the appropriations front produced a mixed bag of results on the health professions education front. On June 19, a House appropriations subcommittee approved a \$153.1 billion appropriations bill for the Departments of Labor, HHS and Education. The FY2009 bill provides \$8 billion more than the level appropriated for FY2008, or about a 5.5 percent increase. Most of the increase is channeled to Pell grants for college students and the No Child Left Behind program, with much of the remainder going to restore program cuts proposed in the President’s budget plan.

For Title VII health professions training programs the House bill recommends \$244.1 million, a \$50.2 million (26 percent) increase over the FY2008 level. Within that total, two of SGIM’s priorities—Centers of Excellence and the Health Careers Opportunity program (HCOP)—received substantial increases, while a third, the Training in Primary Care Medicine and Dentistry program, was funded at \$47.9 million, the same as last year. At that level, there will be no TPCMD funds available for new grant awards in FY2009.

As it did last year, the House bill recommends a double-digit increase for diversity programs. The House proposes to increase Centers of Excellence by \$15.6 million, to a total of \$28.4 million, and HCOP also would be increased to \$28.4 million, or \$18.6 million more than current funding. Scholarships for Disadvantaged Children and faculty loan repayments would be continued at the same level as last year, or \$45.8 million and \$1.2 million, respectively.

Area Health Education Centers (AHECs) would increase to \$36.9 million, and allied health programs would rise to \$16 million.

On June 26, a Senate appropriations subcommittee voted its version of the bill. With approximately \$1.5 billion less to spend on programs than the House, the Senate panel directed most of its resources to restoring cuts proposed by the President. The bill recommends \$48.8 million for TPCMD, an increase of \$853,000 over last year's appropriation. However, every other Title VII program was level-funded, including Centers of Excellence (\$12.7 million), HCOP (\$9.8 million), Scholarships for Disadvantaged Students (\$45.8 million) and faculty loan repayments (\$1.2 million).

The Senate full appropriations committee ratified the bill just before Congress left for a week-long July 4th recess, with hopes that the bill may be debated by the Senate in July.

Research Subcommittee Issues

- **AHRQ/Comparative Effectiveness Research Trust Fund:** Resolving the appropriations stalemate discussed above is critically important for AHRQ, where SGIM had a major victory this month. The Senate bill retains AHRQ funding at \$334 million, but creates a \$6.0 million fund for investigator-initiated research. The House bill is even better. It funds AHRQ at \$375 million. Included within that is \$50 million for comparative effectiveness research (up from \$30 million in the current year and in the President's budget recommendation). The House bill also funds investigator-initiated research – at a level of \$13.0 million.
- **NIH/CTSA:** The Senate version of the NIH appropriations bill contains a \$1.025 billion increase for the National Institutes of Health. Included within the \$30 billion in total funding is \$474 million for the Clinical and Translational Science Awards program, up from \$471 million in FY08. The House appropriations bill has a \$1.2 million increase for NIH. While the bill does spell out a specific amount for CTSA's, the committee report does express disappointment with the underfunding of the program and asks for a report by August 1, 2008 on the status of the program.

- **VA Research:** Medical and prosthetic research at the VA is currently funded at \$480 million. The House VA appropriations bill, which has been released from both its subcommittee and the full committee, would increase the funding for this program to \$500 million.
- **Other Priorities:** Among the other priority programs we are monitoring, the budget for the National Center for Minority Health and Health Disparities at NIH would increase by the same percentage as the overall House and Senate levels for NIH (about 4.1% and 3.3%, respectively). Rural Health programs at HRSA, that the White House recommended slashing from \$129 million to \$17 million are funded at \$122 million in the House and \$143 million in the Senate. Public Health Research at CDC is level funded in both bills at \$31 million.

Clinical Practice Subcommittee Issues

- **P4P and SGR:** Work on a Medicare physician pay fix stalled before the July 4th recess when the Senate failed to get the 60 votes necessary on a cloture vote on the Medicare Improvements for Patients and Providers Act of 2008, which had been passed earlier in the week in the House by the veto-proof margin of 355-59. The legislation would have prevented the 10.6 percent cut in the SGR. As soon as the Senate returns from recess, Majority Leader Harry Reid has pledged to bring this legislation up again.
- **The RUC:** SGIM continues to advocate for an expert panel to examine misvalued services; this provision was included in last year's House passed CHAMP Act, but not included in either the House or Senate Medicare packages. Once Congress completes work on its Medicare package, Senator Max Baucus, Chairman of the Finance Committee, has expressed an interest in addressing the RUC issue.
- **Health Disparities:** Congress included the Medicaid moratorium, which prevents the Centers for Medicare & Medicaid services from implementing a proposed rule that would eliminate Medicaid graduate medical education payments to teaching hospitals in its 2008 emergency supplemental appropriations bill. CMS will not be able to implement this rule until April 2009; at that time, another administration will be in place and it may not want to continue this policy from the Bush administration.
- **Health Information Technology:** On June 25, the House Energy & Commerce health subcommittee passed bipartisan health IT legislation by voice vote. H.R. 6357 is intended to encourage the adoption of HIT

while giving patients new protections over their individual health records.

- **Appropriations Issues:** The House and Senate have begun working on the Labor-HHS appropriations bills. The following are the recommended funding levels for programs of interest: \$134.9 million in the House and the Senate and for the National Health Service Corps, \$2.16 billion in the House and \$2.2 billion in the Senate for Community Health Centers, \$9.7 million in the House and \$9 million in the Senate for Rural Health Research and \$53.9 million in the House and \$51.4 million in the Senate for Rural Health Outreach Grants.

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