



Cavarocchi-Ruscio-Dennis Associates

Health Policy Report

June 30, 2010

- WITH HEALTH CARE REFORM LEGISLATION ENACTED, ATTENTION TURNS TO IMPLEMENTATION;**
- APPROPRIATIONS COMMITTEES BEGIN TO STIR – A LITTLE**

Overview

Congress is now approaching its annual Independence Day recess and, as we indicated last month, there remains a lot of routine work to do. At the same time, the comprehensive healthcare reform package that was enacted in March is generating additional activity in both the legislative and the executive branches – and therefore for SGIM as well.

As of June 30, just three of 12 appropriations bills have been reported out of their subcommittees – Commerce, Justice, Science; State and Foreign Operations; and, Agriculture. Two more – Legislative Branch and Transportation-HUD – are expected to be acted on July 1. Assuming that happens, that leaves seven bills – including the Labor-HHS-Education bill – that funds many of the programs of interest to SGIM – to be considered when Congress returns on July 12. And all twelve bills must be considered in full committee and on the floor; and the Senate has taken no action on any appropriations bills yet.

If this sound like a formula for not getting the bills done by the October 1 start of the fiscal year, you are right. The expectation is that when Congress recesses for the election season in early October, most of the government will be funded by a Continuing Resolution (CR).

Implementing the healthcare reform legislation will also be a major focus for the rest of year – in fact, for the next four years. Some of the Boards and Commissions that are created in the statute need to be populated; there are a wide variety of regulations that need to be promulgated and opportunities to comment on those draft regulations will be plentiful.

In addition, the funding and healthcare reform issues will intersect as many of the programs contained in healthcare reform are authorized but are not funded. That means that the Appropriations Committees will have to put the money in place or many of the gains made in the comprehensive legislation will prove illusory.

As we said in last month's report, there is a lot of work to in general and on these topics in particular. SGIM is well-positioned to continue to expand its role in health advocacy, but it needs your help to do it.

The leadership of the committee is listed at the end of this report. SGIM members should not hesitate to contact the HPC Chair, Dr. Bill Moran or any of the subcommittee chairs and offer their help. The decisions that are made in the next several months will be crucial to the future course of primary care. Your help is needed today.

Education Subcommittee Issues

Last month we reported that Subcommittee chair, Dr. Angela Jackson, met with key House and Senate appropriations committee staff to argue the case for increased Title VII funding and for equitable allocation of grant funds across primary care disciplines. To reinforce that message, SGIM organized a joint letter, cosigned by the presidents of the American College of Physicians, the Academic Pediatric Association and SGIM President Gary E. Rosenthal.

The joint letter, which went to the chairmen and ranking Republican members of the House and Senate Labor-HHS-Education subcommittees, noted that “health care outcomes and costs are closely linked to the availability of primary care physicians. In the next ten years the demand for primary care services in the US will increase dramatically due to aging baby boomers, the obesity epidemic and, most notably, the expanded coverage created by the new health care reform law. Yet the U.S. is facing a shortage of as many as 42,000 primary care physicians within a decade.”

The letter went on to clarify that previous law channeled the majority of workforce training funds to family medicine, but that general internal medicine and pediatrics are an equally important component of primary care.

In addition to the Capitol Hill meetings and the joint letter, SGIM launched a nationwide CapWiz alert urging the House Appropriations Committee to adequately fund workforce training and research. Specifically, lawmakers are encouraged to provide no less than \$125 million for the Primary Care Training and Enhancement program; ensure that training funds are distributed on the basis of merit and national need; provide \$611 million for the Agency for Healthcare Research and Quality; and appropriate \$35 billion for the National Institutes of Health.

If you have an interest in health professions education and training issues, please contact Dr. Angela Jackson, whose contact information is at the end of this report.

Research Subcommittee Issues

The Research Subcommittee has long been involved with the funding and advancement of research issues at the National Institutes of Health (NIH), the Department of Veterans Affairs (DVA), and the Agency for Healthcare Research and Quality (AHRQ), among others. A number of developments have added to the subcommittee's portfolio.

The creation of the Patient-Centered Outcomes Research Institute (PCORI) to oversee comparative effectiveness research is one of those programs that does not need to be appropriated. Immediate attention will be focused instead on populating the Board of Governors of the Institute and putting its processes and procedures in place. In addition, there will a Methodology Committee created and scientific review panels as well.

The creation of the Cures Acceleration Networks (CAN) within the Office of the Director of NIH, is handled differently. It does require a specific appropriation and it is not immediately clear if this effort, designed to move drug development across the so-called "valley of death" will be funded in FY11. SGIM has been told by subcommittee staff that this program is not a high priority for FY11 in light of the tight constraints on spending.

The subcommittee is focusing its future efforts on appropriations for research, both in terms of those authorized in the healthcare reform bill, as well as those that are on-going and critically important research programs; the creation of the boards that will oversee and advise for both PCORI and CAN; and any policies developed at any of the research agencies that will impact these or other issues.

There is widespread agreement on the subcommittee that more hands are better than fewer. For this reason, there will be a concentrated effort to increase recruitment of new members for the subcommittee.

If you have an interest in research issues, please contact Dr. Ira Wilson, whose contact information is at the end of this report.

Clinical Practice Subcommittee Issues

Congress finally passed a 6 month 2.2 percent update to the SGR. The update, which was signed by President Obama on Friday, June 25, was retroactive to June 1, eliminating the 21 percent cut that had taken effect as a result of Congressional inaction. If Congress does not act before December 1, the 21 percent cut will be implemented. The fix costs approximately \$6.5 billion. This cost is offset with two revenue raising provisions: \$4.2 billion in savings would come from banning a hospital from charging Medicare for outpatient and inpatient services provided within 72 hours prior to a hospital admission and the other \$2.8 billion would come from allowing companies to spread out their pension fund obligations over a longer period.

The Senate has yet to act on Dr. Donald Berwick's nomination as CMS Administrator. No hearing has been scheduled. However, SGIM and other groups, including the Patient Center Primary Care Collaborative, have written letters in support of the nomination. It is unclear whether a nomination hearing will be scheduled prior to the August recess.

CMS is already at work implementing provisions of the health reform law, even as the agency remains without an administrator. The calendar year 2011 proposed physician fee schedule rule was released, which includes implementation of the 10 percent bonus. It appears that the bonus payment is being implemented narrowly, requiring identified primary care physicians to meet a 60 percent threshold in specified codes. The proposed rule also delegates much of the work to evaluate misvalued codes to the RUC rather than to another entity designated by the Secretary.

If you have an interest in clinical practice issues, please contact Dr. Scott Joy, whose contact information is at the end of this report.

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