



**Cavarocchi-Ruscio-Dennis Associates**

# **Health Policy Report**

**July 31, 2010**

- **HOUSE AND SENATE APPROPRIATORS BEGIN TO CRAFT FY11 FUNDING BILLS;**
- **PPACA IMPLEMENTATION CONTINUES**

## **Overview**

The House of Representatives has now begun its annual August recess and the Senate will be in session just one more week before it too leaves the heat of Washington, DC (both climatological and political) behind. In the past month, both houses have made significant progress in moving their appropriations bills. At the same time, the comprehensive healthcare reform package that was enacted in March continues to result in a flurry of activity around appointments to board and commissions and the proposal of regulations..

As of this writing, all twelve appropriations bills have been reported out of their subcommittees in the House. Two of those have been released from full committee and passed the House.

In the Senate, nine bills have been released from both their subcommittees and from the full Appropriations Committee, but none of those bills has yet been brought to the Senate floor for consideration.

We continue to expect that when Congress recesses for the election season in early October, most of these bills will not be finalized and that a significant portion 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. As we mentioned last month,

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.

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 continues to need a lot of help from the membership 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 near future will be crucial to the future course of primary care.

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### **Education Subcommittee Issues**

SGIM's all-out push for increased primary care training funds is beginning to pay some dividends. The Senate Appropriations Committee has ratified a health spending bill that recommends increasing funding for the Title VII Primary Care Training and Enhancement program to \$90 million, an increase of \$51 million over current year funding for the comparable program. In addition, the Senate committee bill directs that no less than 15 percent of the funds be set aside for training physician assistants. The committee report goes on to urge HRSA "to prioritize training physician assistants due to the ability of programs to rapidly expand to graduate high numbers of clinicians to fill the growing need for primary care." In addition, the report notes the findings of the recent "*Annals in Internal Medicine*" study ranking medical schools based on the communities where their graduates worked and whether those doctors practiced primary care. The Committee urges HRSA "to prioritize applications from schools with a proven record of educating primary care physicians who go on to serve in shortage areas."

Beyond the PA training set-aside, which is required by statute, the committee bill makes no mention of carving out funds for family medicine or any other primary care discipline. This is consistent with SGIM's position, conveyed most recently in a joint letter, cosigned by the presidents of the American College of Physicians, the Academic Pediatric Association and SGIM President Gary E. Rosenthal.

The letter, which was sent to the chairmen and ranking Republican members of the House and Senate Labor-HHS-Education appropriations subcommittees, noted 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, the Senate committee bill recommends \$24.6 million for Centers of Excellence, \$22.1 million for the Health Careers Opportunity program, \$6.2 million for faculty loan repayments and \$49.3 million for Scholarships for the Disadvantaged.

SGIM is still awaiting action by the House Appropriations Committee.

***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 continues to work hard on funding and the 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), and among others. A number of developments have occurred this month on programs within the subcommittee's jurisdiction.

Starting with the National Institutes of Health, both the House and Senate are recommending \$32.3 million for FY11, the same level as recommended by the President in his budget submission to Congress. This 3+ percent increase will cover the rate of biomedical inflation, but allow for no growth in NIH.

Within the NIH budget, the Senate included a \$50 million line item for the Cures Acceleration Network (CAN), which was authorized in the Affordable Care Act. The summary of the House bill says that it is making available "up to \$50 million" but without seeing the final language (which will not be available until full committee consideration is complete) we cannot be certain that the provisions are the same.

Both the House bill (which has passed) and the Senate bill (which is out of committee) recommends \$590 million for VA medical research, a \$10 million increase over the current year and equal to the President's recommended level of funding.

Both the House and Senate subcommittees took significant cuts in the President's recommended levels for AHRQ. You may recall from earlier updates that the President recommended bringing AHRQ's funding level from \$397 million in the current year to \$611 million, with a significant increase for CER. Based on the subsequent passage of the Affordable Care Act and the creation of PCORI, the House cut \$200 million from the recommended level and the Senate cut \$214 million.

As you can see, there is no shortage of issues before the subcommittee and there is a constant need for additional assistance.

***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**

Because of the Senate's inaction Dr. Donald Berwick's nomination as CMS Administrator, President Obama used his recess appointment power to install Dr. Berwick at CMS. This appointment will expire at the end of this Congressional session, and the Senate will be required to confirm Dr. Berwick to extend his appointment. While SGIM and other groups, like the Patient Centered Primary Care Collaborative, have supported the nomination, many Republicans continue to express concern over Dr. Berwick's past comments, believing that he supports the rationing of health care services.

CMS released the final rule for the Medicare and Medicaid incentive program for meaningful use of EHRs. This rule implements provisions of the American Recovery and Reinvestment Act of 2009 that provides payments to eligible professionals, hospitals and critical access hospitals that adopt and successfully demonstrate the meaningful use of certified EHR technology. The rule outlines the initial criteria to qualify for an incentive payment, as well as the calculation of incentive payment amounts. Note that beginning in CY 2015, eligible professionals paid under the Medicare physician fee schedule who do not demonstrate that they are meaningful users of certified EHR technology will face a 1 percent penalty; this penalty will increase annually until the penalty is 3 percent in CY 2017. It will become effective on September 28, which is 60 days after publication in the *Federal Register*.

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

### **Health Policy Executive Committee Contact Information**

Bill Moran, HPC Chair	<a href="mailto:@muscd.edu">@muscd.edu</a>
Sean Caudill, HPC Co-Chair	<a href="mailto:@pop.uky.edu">@pop.uky.edu</a>
Gary Rosenthal, Council Liaison	<a href="mailto:-rosenthal@uiowa.edu">-rosenthal@uiowa.edu</a>
Angela Jackson, Chair, Education Sub.	<a href="mailto:.jackson@bmc.org">.jackson@bmc.org</a>
Ira Wilson, Chair, Research Sub.	<a href="mailto:@tuftsmedicalcenter.org">@tuftsmedicalcenter.org</a>
Scott Joy, Chair, Clinical Practice Sub.	<a href="mailto:@mc.duke.edu">@mc.duke.edu</a>
Patty Harris, Chair, Member Devel. Sub.	<a href="mailto:.f.harris@medstar.net">.f.harris@medstar.net</a>
Francine Jetton, SGIM Staff	<a href="mailto:@sgim.org">@sgim.org</a>

Lyle Dennis, CRD Associates  
Dom Ruscio, CRD Associates  
Erika Miller, CRD Associates

[@dc-crd.com](mailto:ldennis@dc-crd.com)  
[@dc-crd.com](mailto:druscio@dc-crd.com)  
[@dc-crd.com](mailto:emiller@dc-crd.com)

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