



Cavarocchi-Ruscio-Dennis Associates

Health Policy Report

July 31, 2008

House and Senate postpone funding action until later in the year...at best.

Congress overrides President's veto of the Medicare physician reimbursement fix.

August recess, political conventions dominate immediate future.

Overview

The month of July has been a mixed bag for SGIM members. Programs important to general internists remain unaddressed with just two months left before the start of the new fiscal year. But, after a typical display of brinksmanship, one major issue was resolved – for eighteen months.

While many of the specifics are dealt with in the sections below related to Education, Research and Clinical Practice, on the broad picture Congress has been stymied in its efforts to move forward with appropriations bills.

As we reported last month, 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 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.

Some discussions occurred in July to try to resolve the impasse but, in the end, it was simply decided to continue to “agree to disagree.” It now appears unlikely that Congress will address these spending bills until a lame-duck session after the election and perhaps not even until after the new President is sworn in during January.

With regard to the Medicare physician pay fix, both houses passed legislations to forestall the planned cuts for eighteen months. 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 and replaced it with a 1.1 percent update. After the President vetoed the bill, both houses overrode his veto easily and the reductions were effectively stopped for now.

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

The Department of Health and Human Services has withdrawn a controversial proposed rule that threatened to disrupt funding and jeopardize several programs in which SGIM has a deep interest.

SGIM twice wrote to Department officials about the proposed rule that sought to create a new method for designating Health Professional Shortage Areas (HPSA) and Medically Underserved Areas/Populations (MUA/P), by creating a three-tier system with new criteria for designation. These designations are used by the federal government to prioritize the distribution of federal and state funds, including clinical resources to vulnerable and underserved communities.

In a letter to HHS Secretary Michael O. Leavitt, SGIM President Lisa V. Rubenstein, MD, MSPH, called for the withdrawal of the proposed rule

change, arguing that “the potentially profound affect this change could have on access to care for the medically underserved far outweighs whatever efficiencies may be gained in the short-run.” She added, “At a time when as many as 47 million Americans lack basic health coverage and, as the Institute of Medicine has reported, 22,000 die each year because they postpone care for lack of coverage, it would be imprudent to make any change to the current methodology for determining designations unless and until the Department and all of the states can fully assess the impact.”

In withdrawing the rule, the Health Resources and Services Administration (HRSA) cited receipt of “many substantive comments on the proposed rule,” a reference to the hundreds of comments submitted during the public comment period, which ended June 30, 2008 after two extensions.

Analyses of the proposal had concluded that only one-third of all health centers would continue to meet Tier 1 status, an indicator of high need for resources. Fewer areas would receive designations of under-service, and one-third would be designated “safety net facilities,” the lowest priority group for funding.

The proposed rule also would have disproportionately affected urban areas, as well as states in the northeast and northwest. An analysis of grantee-level data, released in May 2008, estimated that more than 300 health centers would need an alternative pathway to reach tier-based designation.

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 in June. 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 billion 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. The counterpart bill in the Senate, which was approved on July 17, includes \$526.8 million, an increase of nearly ten percent over the current year funding level.
- **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:** Congress overrode a presidential veto of the Medicare Improvements for Patients and Providers Act of 2008. The legislation prevented a 10.6 percent cut in the SGR and replaced it with a 0.5 percent update for the rest of 2008 and a 1.1 percent update for 2009. This legislation also provided more funding for the patient centered medical home demonstration project.
- **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 Medicare Improvements for Patients and Providers Act of 2008. Senator Max Baucus, Chairman of the Finance Committee, has expressed an interest in addressing the RUC issue with the Center for Medicare and Medicaid Service.
- **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:** The House Energy & Commerce Committee passed the Protecting Records, Optimizing Treatment and Easing Communication Through Healthcare Technology Act (H.R. 6357) after reaching an agreement on consent and enforcement provisions in the legislation. Chairman Pete Stark of the Ways & Means Health Subcommittee plans to introduce HIT legislation in his subcommittee.
- **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.