THE CRD ASSOCIATES'

HEALTH POLICY REPORT

May 4, 2015

The Headlines:

- **Off to the Races!**
- **21st Century Cures on the Docket**
- **GME Reform Still a Possibility?**
- **PCORI Makes a Splash at the Annual Meeting**
- **Congress Repeals the SGR**

Off to the Races!

There weren't any elaborate hats or mint juleps (that we know of), but Kentucky Derby fever seemed to have spread to Congress when, despite some major challenges, a House-Senate conference committee last week struck a deal on a so-called "budget resolution" that sets spending and legislative parameters for fiscal year 2016 and lays out a budget vision for the next decade.

That budget blueprint sets the table for a Republican-led effort to use a legislative mechanism, called budget reconciliation, to repeal and replace the Affordable Care Act later in the year. The fiscal blueprint also could lead to negotiations between Congress and the White House over a second budget deal to raise statutory discretionary spending caps for a third-straight year.

The full House acted quickly to approve the budget plan. At press time, the Senate was on the verge of doing the same.

For discretionary programs—like NIH, Title 7 and health services research—the budget resolution sticks to the statutory spending limits set out in the 2011 Budget Control Act — $523 billion for defense and $493.5 billion for non-defense programs. In order to satisfy lawmakers who demanded higher military spending, the budget also includes an additional $96 billion in war-related spending that does not count against the spending limits, or about $38 billion more than the president requested for "overseas contingency operations."

House passage of the budget blueprint served as the starter's flag for spending bills for the upcoming fiscal year. Within hours, the House began debate on two appropriations bills already waiting in the starting gate: Military Construction/VA and Energy and Water.

Both bills were approved by the House, though not without some drama. Possibly in a sign of things to come, the majority of House Democrats voted against the measures, arguing that current spending caps should be lifted.

They argued, for example, that current spending limits on health, education and employment training activities would force cuts of $3.7 billion from those programs. If approved, this would represent a cut of 12 percent, or $20 billion, since 2010, adjusted for inflation.

21st Century Cures on the Docket

After what may best be described as a year-long listening session, a five-member, bipartisan group of House lawmakers last week unveiled a draft bill they say will speed the pace of drug cures.

The legislation, named 21st Century Cures, is a trimmed-down version of an earlier draft that raised concerns about patient safety, though some contend that the new version still lowers standards for the approval of medical devices and antibiotics.

The 21st Century Cures draft would increase annual funding authorizations for NIH and grant the agency $10 billion in mandatory funding, spread over a five-year period. The measure creates an NIH Innovation Fund, to be allocated for precision medicine, young investigators and an as-yet unnamed "Other" category.

The bill does not provide additional funding to the FDA, but provisions of the bill support efforts to:

- Speed development for treatment of life-threatening illness;
- Repurpose drugs found ineffective for one condition and test them for another; and
- Develop partnerships among patients, providers and researchers;

The timetable for voting on the bill is still somewhat murky, but House Energy and Commerce chairman Fred Upton hopes to have a final proposal before the House by the end of May.

GME Reform Still a Possibility?

In last month's newsletter we reported that the House version of the budget resolution included a provision that may signal a willingness in Congress to tackle GME reform.

As it happens, the final deal struck by House-Senate negotiators retains that provision, as follows:

> ***SEC. 4505. DEFICIT-NEUTRAL RESERVE FUND FOR GRADUATE MEDICAL EDUCATION.*** *In the House of Representatives, the Chairman of the Committee on the Budget may revise the allocations, aggregates, and other budgetary levels in this concurrent resolution for any bill or joint resolution, or amendment thereto or conference report thereon, if such measure reforms, expands access to, and improves, as determined by such Chairman, graduate medical education programs, but only if such measure would not increase the deficit over the period of fiscal years 2016 through 2025.*

In and of themselves, reserve funds like this one are little more than message amendments at this point in the legislative process. Basically, what the GME

reserve fund represents is a "sense of the House" that GME warrants further review, so long as any changes to the program do not increase spending or are at least paid for with additional revenues or spending cuts.

But this could be a sign that Congress is finally willing to address the issue, perhaps as part of a larger budget deal at the end of the year.

PCORI Makes a Splash at the Annual Meeting

We hope that you had an opportunity at the Annual Meeting to attend Dr. Joe Selby's plenary session, some of the PCORI-focused meetings, or just chat with the PCORI folks that we present throughout much of the meeting.

There were a number of things that seemed clear from the discussions that were going on in Toronto. First is that the work of the SGIM Council to forge a close relationship with the newest research agency have proven successful. Their substantial presence throughout the meeting was the clearest indication yet of their interest in SGIM members and in the role of general internal medicine in developing post-marketing real-world comparative clinical effectiveness research.

Second, PCORI's leadership – and SGIM's leadership – are both clearly interested in doing more in the future. One of the discussions that happened in more than one venue is the desire of PCORI to have general internists play a larger role in PCORI's research agenda by focusing on precise research questions with clinical practice importance, addressing questions that vex clinicians due to a lack of evidence.

And finally, it is clear that PCORI looks at the work they are doing with SGIM as on-going. The funding that brought PCOR-focused sessions to the 2015 meeting in Toronto carries into the 2016 meeting in Florida. This suggests a sustained and predictable level of interest from PCORI in SGIM – and vice versa.

You can learn more about PCORI and the opportunities that it presents to SGIM members by visiting its website at www.pcori.org.

Congress Repeals the SGR

The Senate returned from a 2-week recess and passed the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) by a 92-8 margin. The President

signed MACRA into law, marking the end to what had become the annual ritual of "patching" the sustainable growth rate (SGR). In place of the SGR, MACRA creates reimbursement system that reimburses physicians based on the quality of care provided, not volume.

Beginning in June of this year, physicians will receive 0.5 percent updates through 2019. During this period of reimbursement stability, the Centers for Medicare and Medicaid Services (CMS) will be responsible for implementing the new Merit-Based Incentive Payment Program (MIPS). The existing quality reporting programs, including the Physician Quality Reporting System (PQRS), the Value-Based Payment Modifier, and Electronic Health Record Incentive Program also known as the Meaningful Use Program, will be consolidated into MIPS, creating a single quality reporting program with one set of penalties.

Physicians will have the opportunity to participate in alternative payment models instead of MIPS, and those who receive a substantial part of their reimbursement through these models could earn a 5 percent bonus between 2019 and 2024. The legislation also create incentives for participating in Patient Centered Medical Homes (PCMHs).

While SGIM and other physician groups will no longer engage in the annual ritual of advocating against the SGR cuts, the enactment of MACRA shifts the focus from Congress to CMS. There will be many opportunities for SGIM to comment on proposed regulations.

Changes in HPC Leadership for 2015-16

As you look at the box below, you will see some changes in the leadership roles in the Health Policy Committee. Tom Staiger has replaced Mark Schwartz as HPC Chair; Marshal Chin as replaced Bill Moran as Council Liaison; Keith vom Eigen has replaced Tom as Clinical Practice Subcommittee Chair; and Nancy Keating has taken over the Research Subcommittee from Gary Rosenthal.

Thanks to all the departing Chairs and welcome to their replacements. If you are interested in getting involved in health policy, contact Cara Litvin of the Outreach Subcommittee – or anyone on this list – and we will get you signed up. No experience is needed. Just a desire to elevate the status of GIM!

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