



THE CRD ASSOCIATES'

HEALTH POLICY REPORT

October 3, 2011

The Headlines:

- **Health Appropriations Advance; NCATS Draws Support in Senate**
- **GME in the Crosshairs**
- **HHS Launches Primary Care Initiative**

Senate, House panels unveil health funding recommendations

This marks the 15th consecutive year that Congress has failed to pass all 12 spending bills before the start of the fiscal year. At press time, in fact, only one appropriations bill—the one funding veteran's benefits and military construction projects—had passed both houses of Congress. But there is movement, sort of.

At press time Congress was preparing to vote on a continuing resolution that would keep government programs running through November

18, with hopes of completing work on regular appropriations bills by then.

Straining against very tight spending limits, the Senate appropriations committee approved a \$158 billion measure to fund the Departments of Labor, HHS and Education in fiscal year 2012. A draft obtained by CRD Associates tells a far different story in the House. A companion House bill totals \$153.4 billion--\$4 billion less than current funding levels for health, education and employment training programs.

Included in the Senate bill is \$582 million to establish a new National Center for Advancing Translational Sciences, or NCATS. The center, which would replace the National Center for Research Resources, will house several ongoing programs, including clinical and translational science awards (CTSAs). The committee strongly urged that given the success of the CTSA consortium, the current program should be fully-funded and that the current focus on the full spectrum of translational research be maintained. (SGIM had advocated strongly for that language with Senate staff.) NCATS will also be home to a \$20 million Cures Acceleration Network, a program authorized in the Affordable Care Act to help expedite the translation and application of promising new treatments for diseases.

However, the draft House subcommittee bill provides no funds to launch NCATS and that \$488 million would be available to continue CTSAs through the existing National Center for Research Resources. Another \$2 million is recommended to establish the Cures Acceleration board.

Evidence of just how tight the budget is this year became apparent when the Senate committee voted to

decrease NIH by \$190 million—something rarely seen over the past several decades. The draft House bill, on the other hand, recommends \$31.7 billion for NIH, a \$1.1 billion *increase* over current year funding — matching the President’s request.

In other action, the Senate committee voted to continue the Primary Care Training and Enhancement program at \$39 million, the same as the fiscal year 2011 level. The Senate committee bill also includes \$2 million for the National Commission on Workforce Training. But the Health Careers Opportunity Program (HCOP) was a victim of tight spending limits. Citing “budget constraints and the prevalence of waiting lists for health training programs nationwide,” the Senate committee eliminated funds for the program.

The House draft bill cuts far deeper into workforce training programs. A preliminary review indicates that support for health professions training is cut \$321 million, or 62 percent. The bill would eliminate funding for Primary Care Training and Enhancement, Scholarships for Disadvantaged Students and HCOP. New funding called for under the Affordable Care Act for community health centers is rescinded, leaving

the program frozen at last year's level. The National Health Service Corps would have 55 percent less funding than in fiscal year 2011

GME a super committee target?

From the time the President's Commission on Deficit Reduction first called attention to it, the graduate medical education program is frequently cited as ripe for budget savings. In the run-up to the debt ceiling deal struck by President Obama and Congress, the idea of cutting indirect medical education payments took on a life of its own. The latest iteration surfaced in the president's proposal to the super committee, where he calls for a 10 percent reduction in indirect payments, saving \$9 billion over 10 years. In an effort to avoid a meat-axe approach, the American College of Physicians has sent the panel a menu of options intended to save billions in health care spending—including permanent repeal of the Medicare SGR, a plan to reduce marginal and ineffective care and a proposal to extend GME funding to all payers. SGIM plans to plans to send a letter to the super committee asking that GME funds not be cut.

CMS launches new initiative

The Center for Medicare and Medicaid Services (CMS) recently announced the creation of the Comprehensive Primary Care Initiative, which is being run by the Innovation Center. The program, designed to support primary care, is designed to help changes the trajectory of health care costs while improving the quality of care. This collaboration between public and private payers will use health care dollars more wisely and allow primary care physicians to better coordinate patient care.

The initiative will provide resources allowing physicians to work with patients to better manage the care of complex patients, ensure access to care, deliver preventative services, improve patient and caregiver engagement and coordinate care across the medical neighborhood. The program will run in 5 to 7 markets across the country, including approximately 75 practices per market. CMS estimates that the program could reach 2 million Americans.

MedPAC advances SGR fix

MedPAC's proposal to replace the flawed SGR addresses the significant costs associated with such a move. With physicians scheduled to receive a 29.5 percent cut in reimbursement on January 1, the cost of replacing the SGR is now pegged at \$300 billion. MedPAC's proposal would require physicians to share in the pain of finding an offset. By freezing payments to primary care providers for 10 years and cutting those to specialists 17 percent over 3 years followed by a 7 year freeze, MedPAC reduces the cost of replacing the SGR to \$200 billion. The proposal also directs the Secretary to look at

overvalued services and redistribute the savings to primary care services.

RUC considering AAFP proposal

Earlier this year the American Academy of Family Physicians (AAFP) requested the RUC restructure to better address the needs of primary care. AAFP proposed that the RUC add 4 new primary care seats, eliminate the existing rotating seats, add a seat for geriatrics and increase transparency. SGIM sent a letter to Dr. Barbara Levy, RUC Chair, in support of this request. At its September meeting, the RUC's Administrative subcommittee began consideration of this request. No conclusions were reached, and this issue is likely to remain before the RUC during its winter meeting.

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