Overview

Since the last chapter of our continuing saga of Congress and the FY11 budget and appropriations process, there have been a number of developments, all of which seem to be heading toward a showdown during the month of March among the White House, the House of Representatives, and the Senate.

The Continuing Resolution that is currently funding the federal government is set to expire on Friday, March 4. The House directed its Budget Committee chairman to set spending caps for FY11 at the FY08 levels for all non-security domestic discretionary spending, resulting in reductions in many of the programs SGIM supports.

The House Appropriations Committee followed suit by passing H.R. 1, a spending bill that would extend the Continuing Resolution to the end of the year with reduced spending levels, as detailed in the sections below. The Senate has indicated that it will not pass cuts of this magnitude and the White
House issued a Statement of Administration Position – a formal document in which the President declared that he would veto the bill if passed in its current form.

With the deadline hovering overhead, the House has indicated that it will pass a two week extension of the CR to March 18, but with additional cuts. As it turns out, the “cuts” are to not include funds for earmarks (that are already prohibited by House rules) and cuts that were recommended by President Obama. So, it is expected that the bill will get through both houses this week and be signed by the President, averting a shutdown of the government for the time being.

During this two-week extension, attention will shift to the Senate, which is expected to pass a much more limited budget cutting bill, setting up a negotiation with the House to find a compromise. Settling this issue by the March 18 deadline will be very difficult and it is possible that no resolution will be reached. If that is the case, look for an effort for another short-term extension. Failing that, a government shutdown becomes another possibility.

In the midst of the chaos surrounding the FY11 appropriations situation, the President on February 14 sent his FY12 budget to Capitol Hill. The budget is a mixed bag of good and bad for SGIM members. However, with the FY11 budget process as a guide, you can expect to be reading about it for many months to come in this report.

Led by its Council and aided by the Health Policy Committee, SGIM will continue to focus on its priority programs. Both will benefit from every member’s active engagement in the issues, whether that is responding to CapWiz alerts or meeting with your Member of Congress when they are back in the state or district. We look forward to your input and your commitment to general internal medicine.

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**Education Subcommittee Issues**

As noted above, the House has proposed a two-week extension of the continuing resolution that includes cuts of $4 billion from non-defense discretionary programs. The measure does not propose to cut Title VII or Title VIII programs.

Noting that the shortage of primary care physicians is a bipartisan concern, SGIM will argue that training and diversity programs should be exempt from any cuts and indeed should be increased to at least $150 million. To those
ends, the Subcommittee provided the Senate appropriations committee information on the impact of reducing or eliminating training programs.

The Subcommittee has compiled a list of Appropriations committee members who will play a key role in determining funding for health professions education and training programs. They are:

**House Labor-HHS-Education Appropriations Subcommittee**

*Republicans:*
- Denny Rehberg (R-MT) - Chair
- Jerry Lewis (R-CA)
- Rodney Alexander (R-LA) - Vice Chair
- Jack Kingston (R-GA)
- Kay Granger (R-TX)
- Michael Simpson (R-ID)
- Jeff Flake (R-AZ)
- Cynthia Lummis (R-WY)
- Hal Rogers (R-KY) – *Ex Officio Member*

*Democrats:*
- Rosa DeLauro (D-CT) - Ranking Member
- Nita Lowey (D-NY)
- Jesse Jackson (D-IL)
- Lucille Roybal-Allard (D-CA)
- Barbara Lee (D-CA)

**Senate Labor-HHS-Education Appropriations Subcommittee**

*Democrats:*
- Tom Harkin (D-IA) - Chair
- Dan Inouye (D-HI)
- Herb Kohl (D-WI)
- Patty Murray (D-WA)
- Mary Landrieu (D-LA)
- Richard Durbin (D-IL)
- Jack Reed (D-RI)
- Mark Pryor (D-AR)
- Barbara Mikulski (D-MD)
- Sherrod Brown (D-OH)

*Republicans:*
- Richard Shelby (R-AL) - Ranking Member
- Thad Cochran (R-MS)
- Kay Hutchison (R-TX)
Lamar Alexander (R-TN)  
Ron Johnson (R-WI)  
Mark Kirk (R-IL)  
Lindsey Graham (R-SC)  
Jerry Moran (R-KS)  

*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 Agency for Healthcare Research and Quality (AHRQ), the National Institutes of Health (NIH), the Department of Veterans Affairs (DVA), and others. The funding levels are essential unchanged since our last report.

HR 1, the Continuing Resolution passed by the House, would cut funding for the National Institutes of Health (NIH) by $1.6 billion back to FY08 levels from their current FY10 levels. By contrast, the President’s FY12 budget request is for an increase for NIH of $745 million, or 2.4 percent.

FY11 funding of VA medical and prosthetic research was continued at $580 million, the FY10 level, in HR 1. However, in a surprise, the President’s FY12 budget reduces the number to $509 million. This is an ironic recommendation because it sets the funding back to approximately FY08 levels, as the House has done in many other programs.

AHRQ is currently appropriated at $397 million, the same level as FY10. HR 1 would cut it by $25 million, eliminating the medical malpractice demonstration grants supported by the White House. The President’s budget for FY12 would give AHRQ $366 million from its regular “evaluation tap” on NIH funding and additional $24 million transferred from the Patient-Centered Outcomes Research Institute (PCORI).

With the threat of these recommended budget cuts comes the possibility of actual reductions in awarded grants or the suspension of new grants. 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

The Clinical Practice Subcommittee continues to advance issues related to the practice of primary care. The President’s FY12 budget request was released recently and addresses the continuing problem posed by the sustainable growth rate (SGR).

The budget calls for a 2 year patch to the SGR, the formula that determines physician payment on the Medicare fee schedule. The cost is $62 billion compared to over $300 billion for a permanent solution. More than half the cost of the 2 year patch would be offset from tracking fraud and waste. Another $18.3 billion would come from restricting the states' practice of imposing taxes on Medicaid providers, increasing payment to those providers by an equal amount and then using that spending to increase the federal match. An additional $6.1 billion would come from recovering erroneous Medicare Advantage payments and $3.4 billion from requiring states to investigate excessively high rates of drug prescriptions or usage. The final $12.8 billion would come from increasing the use of generic drugs, which is sure to be opposed by the pharmaceutical industry.

The President requested $78 million, an increase of $17 million from FY10. The budget request would enable HHS to continue implementing the Health Information Technology for Economic and Clinical Health (HITECH) Act, accelerating the adoption of health information technology (health IT), and helping physicians achieve meaningful use of electronic health records (EHRs).

Congress is considering medical malpractice legislation. The Help Efficient, Accessible, Low-cost, Timely Healthcare (HEALTH) Act was voted out of the House Judiciary Committee, but not after some members making a states' rights argument against the legislation. This was addressed by adding a state opt out provision. The legislation must be considered by the Energy & Commerce Committee before going to the House floor.

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
Sean Caudill, HPC Co-Chair
Gary Rosenthal, Council Liaison
Angela Jackson, Chair, Education Sub.
To volunteer to serve on the HPC and its subcommittees, please contact anyone listed above.