Cavarocchi-Ruscio-Dennis Associates

Health Policy Report

April 1, 2011

- **BUDGET STALEMATE AMONG HOUSE, SENATE AND WHITE HOUSE CONTINUES**
- **NEGOTIATIONS CONTINUE WITH SHUTDOWN LOOMING ON APRIL 8**
- **PROGRAMS WILL BE IMPACTED WITH GRANT AWARDS DELAYED**

Overview

With the possibility of a government shutdown looming, negotiations among the House Republicans, Senate Democrats and the Obama administration are continuing – in an atmosphere that is strained by partisan attacks, Tea Party demonstrations, and that great Washington tradition – playing the blame game.

The negotiations are now being conducted in earnest in an effort to resolve the differences before the current Continuing Resolution (CR) expires on April 8. The talks involve top aides to Speaker John Boehner (R-OH), Senate Majority Leader Harry Reid (D-NV), and Office of Management and Budget Director Jacob Lew. But even as discussions move forward, all sides are dealing with the reality of how difficult it will be to find a level of spending for the rest of FY11 that can pass both houses of Congress and be signed into law by the President.

Here is the playing field: House Republicans want $100 billion cut from the President's FY11 budget request. Senate Democrats have agreed to return to

FY10 funding levels (a $41 billion cut) and have agreed to an additional $10.5 billion in cuts in enacting earlier, short-term CRs. By their calculation, they have met the Republicans half way with $51.5 billion. By the Republican calculation, they are only half way to the $100 million budget cut they campaigned on.

With the two sides this far apart, enter the administration. Suddenly there was a flurry of talk about an additional $33 billion in cuts. However, it turned out the $33 billion was measured from the $41 billion (see above), not from the $51.5 billion (see above). Charges of bad faith, misrepresentation, etc. did not add to a trusting atmosphere.

So, while this makes for great political theater it leaves much uncertain. SGIM members who work for the VA or other agencies of the federal government may find themselves without a workplace to go to on April 11. Those with grant applications or other business before the HRSA, NIH or elsewhere will see delays in processing.

Of course, the real concern is the content of any agreement that is reached. SGIM remains committed to protecting the gains we have made in health education, research and clinical practice.

Education Subcommittee Issues

Given the number of freshmen members of Congress, SGIM and its partners in the Health Professions and Nursing Education Coalition (HPNEC) sponsored a lunch briefing for congressional staff titled "The Health Professions and Nursing Education Programs: Picking Up Where the Market Leaves Off." The event focused on how federal support for the Title VII and Title VIII health professions and nursing education programs helps improve the supply, distribution, and diversity of the nation's health care workforce. The briefing featured two speakers: John Franko, M.D., Professor and Chair, Department of Family Medicine, Quillen College of Medicine at East Tennessee State University, and Juliann Sebastian, Ph.D., R.N., F.A.A.N., Dean and Professor, College of Nursing, University of Missouri-St. Louis.

With lawmakers so intent on reducing federal funding, the Education subcommittee has joined with other stakeholders in an effort to fend off draconian budget cuts. In a recent letter to Congress co-signed by SGIM, the Friends of HRSA wrote,

“The undersigned members of the Friends of HRSA coalition urge you to provide at least $7.65 billion for the Health Resources and Services

Administration (HRSA) in FY 2012 in the Labor, Health and Human Services and Education Appropriations bill.

"While we recognize the reality of the current fiscal climate, our request of $7.65 billion represents the minimum amount necessary for HRSA to continue to meet the health care needs of the American public. Over the past several years, HRSA has received mostly level funding, undermining the ability of its successful programs to grow. The requested minimum level of funding will allow the agency to carry out critical public health programs and services that reach millions of Americans, including training for public health and health care professionals, providing primary care services through community health centers, improving access to care for rural communities, supporting maternal and child health care programs, providing health care to people living with HIV/AIDS, and many more. However, much more is needed for the agency to achieve its ultimate mission of ensuring access to culturally competent, quality health services; eliminating health disparities; and rebuilding the public health and health care infrastructure."

The Friends of HRSA coalition is a non-profit and non-partisan alliance of more than 180 national organizations, collectively representing millions of public health and health care professionals, academicians and consumers.

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 essentially unchanged since our last report as a result of the budget stalemate discussed in the Overview section above.

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

Representative Jim McDermott (D-WA) recently introduced H. R. 1256 the Medicare Physician Payment Assessment and Transparency Act of 2011. The legislation will require the collection of public and transparent data that could be compared to the RUC's recommendations. It would also use independent analytic contractors to support surveys and collect data for physician services paid under Medicare and to annually identify services that may be over or under valued. SGIM strongly supports this legislation and is working closely with Representative McDermott's office and other supporters.
The House Energy & Commerce Health Subcommittee approved legislation that would convert the funding for the Prevention and Public Health Fund created by the Affordable Care Act from a mandatory expenditure to a discretionary one, subject to annual appropriations. This measure is expected to clear the House of Representatives, but is unlikely to pass in the Senate and be signed by the President.

After a significant delay, the Centers for Medicare and Medicaid Services released its proposed rule outlining its plan for accountable care organizations (ACOs). Mandated by the ACA, ACOs will create incentives for health care providers to better coordinate care for Medicare patients across care settings. The Medicare Shared Savings Program will reward ACOs that lower health care costs while meeting specified quality standards. SGIM will be reviewing this rule and submitting comments.

The Department of Health and Human Services also released its National Strategy for Quality Improvement in Health Care, which was called for by the ACA. This is the first effort to create national aims and priorities to improve the quality of care.

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

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