SGIM
Society of General Internal Medicine
To Promote Improved Patient Care, Research, and Education in Primary Care and General Internal Medicine

THE CRD ASSOCIATES'

HEALTH POLICY REPORT

September 1, 2011

The Headlines:

- **"Super" Committee Gets Ready to Reduce the Deficit…or Not**
- **CMS Reduces GME Caps**
- **Congress Prepares to Address the SGR**
- **SGIM Members Have Opportunity to Improve the Common Rule**

"Super" Committee Gets Ready to Reduce the Deficit…or Not

When we last visited in this space a month ago, it was quite unclear whether or not Congress and the White House would be able to agree on a long-term deficit reduction plan. Now we all know that they did pass such a plan – and we are heading into the hard part.

As enacted, the plan sets out budget caps on discretionary spending (which includes things like AHRQ, NIH, and Title VII) for the next ten years. However, it left unaddressed how to deal with entitlement spending and revenue levels. That responsibility now rests with a newly-formed 12-member committee that has come to be known as the "Super" Committee. It is comprised of 3 Republicans and 3 Democrats from both the House and Senate.

The Super Committee, known officially as the Joint Select Committee on Deficit Reduction, is charged with coming up with one more pieces of legislation to reduce the deficit by $1.5 trillion for the

period FY13 to FY22. Those reductions can come from further cuts in discretionary spending, cuts in entitlement spending, and/or from revenues.

If the Committee fails to come up with the cuts by November 23, or if the bill does not pass the Congress by December 23, an automatic sequestration process would be implemented that would reduce the deficit by an additional $1.2 trillion through across-the-board cuts that would amount to nine percent of both defense and non-defense spending – with the exception of Medicare where the cut would limited to two percent of total spending but could only come from providers, not from beneficiaries.

If all this sounds convoluted, it is because it is. SGIM's Health Policy Committee (HPC), and its subcommittees on Education, Clinical Practice and Research, all continue to be actively engaged in these funding debates. As important issues arise, you can expect to hear from the HPC to ask that you reach out to your Representative and Senators to ask for their support for general internal medicine. Please be ready to respond when you are called upon. It is quick, easy, and very important.

CMS Reduces GME Caps

On August 15, the Centers for Medicare & Medicaid Services announced that 267 teaching hospitals would see their full-time equivalent (FTE) resident slots reduced under the Affordable Care Act (ACA).

Of those 267 hospitals, CMS said 47 were part of the same Medicare graduate medical education (GME) affiliated group. CMS published an interim final rule in March that allowed the agency to consider hospitals that are members of the same Medicare GME affiliated group in the aggregate for the purposes of determining a GME FTE cap reduction, rather than on only an individual basis.

The "affiliated group" language in the Medicare and Medicaid Extenders Act was supported by the Association of American Medical Colleges.

The ACA provides for reductions in the direct graduate medical education (DGME) and indirect medical education (IME) FTE resident caps for certain hospitals. It also authorizes a redistribution to certain

hospitals of the estimated number of FTE resident slots resulting from the reductions.

Under the law, CMS said a hospital's FTE resident caps will be reduced by 65 percent of the "excess" resident slots, effective for portions of cost-reporting periods occurring on or after July 1, 2011, for DGME and IME. The Department of Health and Human Services is also authorized to increase the otherwise applicable FTE resident caps for each qualifying hospital that submits an application, effective for portions of cost-reporting periods occurring on or after July 1, 2011.

Hospitals' requests for FTE resident cap increases were limited to no more than 75 FTE positions each for DGME and IME, CMS said.

Congress Prepares to Address the SGR

As the end of the calendar year approaches, Congress must turn its attention to the sustainable growth rate (SGR) formula. On January 1, 2012, the formula dictates that the reimbursement of Medicare providers be cut by 29.5 percent.

The 10 year cost of permanent SGR fix is $300 billion. In the current fiscal climate in which the Super Committee must find at least $1.2 trillion in savings $300 billion seems even harder to find than usual. However, both the House Ways & Means and Energy & Commerce committees are working on a permanent legislative solution to the SGR.

With the possibility of a permanent fix on the table, it presents an opportunity to address the inequity in primary care reimbursement. In the past, a separate conversion factor for primary care was on the table, and it may be again. Please be prepared to respond to action alerts asking you to contact your Representative and Senators to support addressing the primary care reimbursement inequities as Congress considers a SGR fix.

SGIM Members Have Opportunity to Improve the Common Rule

As any SGIM member who has conducted research knows, getting everything together to begin a research project is a long and laborious process, one that is impacted by a variety of factors ranging from federal funding levels,

the complexity of the application process, the level of support (or non-support) from your institution, and so on.

However, once a project is funded and it is time to start, the provisions of the Common Rule governing research funded by most entities kicks in things can really get complicated.

On July 26, an Advanced Notice of Proposed Rule Making (ANPRM) was issued in the Federal Register to revamp the Common Rule significantly. While there is insufficient space in this publication to do justice to the extent of the changes, SGIM members might want to review an article by Zeke Emanuel and Jerry Menikoff published in the New England Journal of Medicine describing both the changes that would improve effectiveness and those that would enhance protections.

For the truly ambitious, the entire ANPRM can be downloaded from the Federal Register at ://www.gpo.gov/fdsys/pkg/FR-2011-07-26/pdf/2011-18792.pdf.

You will note that the ANPRM sets the deadline dates for comments at September 26. This week, that deadline was extended to October 26, so there is plenty of time for members to review and comment. The Health Policy Committee is working on SGIM-based comments but individual members are urged to express their views as well.

Health Policy Committee Leadership Contact Information

Bill Moran, HPC Chair	@musc.edu
Sean Caudill, HPC Co-Chair	@pop.uky.edu
Gary Rosenthal, Council Liaison	-rosenthal@uiowa.edu
Angela Jackson, Education Sub. Chair	.jackson@bmc.org
Scott Joy, Clinical Practice Sub. Chair	@mc.duke.edu
Ira Wilson, Research Sub. Chair	wilson@brown.edu
Cara Litvin, Membership Dev. Sub. Chair	@musc.edu

Health Policy Committee Staff Support

Francine Jetton, SGIM	@sgim.org
Lyle Dennis, CRD Associates	@dc-crd.com

Dom Ruscio, CRD Associates @dc-crd.com
Erika Miller, CRD Associates @dc-crd.com