



Cavarocchi-Ruscio-Dennis Associates

Health Policy Report

September 30, 2010

- **CONGRESS PREPARES TO GO HOME TO CAMPAIGN FOR RE-ELECTION**
- **HEALTHCARE REFORM IS BEING IMPLEMENTED, BUT MUCH OF THE ANNUAL AGENDA IS UNFINISHED**

Overview

In the August 31 edition of the “Health Policy Report” the red headline above read: A Quiet August – The Calm Before the Storm?” But it turned out that August was the calm before more calm, followed by a congressional recess. So, the bottom line is that the storm has been postponed until November and December!

Eleven of the twelve appropriations bills have been reported out of their subcommittees in the House. Two of those have been released from full committee and passed the House back in July. No further House action on appropriations occurred in September.

In the Senate, again eleven of the twelve bills have been released from both their subcommittees and from the full Appropriations Committee, but none of those bills has yet been brought to the Senate floor for consideration.

With the Congress recessing for the election season this week, none of the appropriations bills are finalized and the entire federal government will be funded by a Continuing Resolution (CR) that will run until December 3.

Congress is expected to return during the week of November 15 and again during the week of November 29 to attempt to pass an omnibus appropriations bill that will combine all twelve individual bills into a single piece of legislation. It will be an epic struggle involving the allocation of billions of dollars.

Implementing the healthcare reform legislation continues to be a major focus. The Board of Governors for the Patient Centered Outcomes Research Institute was announced on September 22 and the membership of the Health Care Workforce Commission was announced on September 29. Both bodies were created in the healthcare reform legislation.

There is a lot of work to in general and on these topics in particular. SGIM is well-positioned to continue to expand its role in health advocacy, but it continues to need a lot of help from the membership to do it.

The leadership of the committee is listed at the end of this report. SGIM members should not hesitate to contact the HPC Chair, Dr. Bill Moran or any of the subcommittee chairs and offer their help. The decisions that are made in the near future will be crucial to the future course of primary care.

Education Subcommittee Issues

While SGIM awaits action on the FY2011 spending bills, the Education Subcommittee continues to closely monitor implementation of the new health reform law, the Affordable Care Act (ACA).

In addition, the Subcommittee plans to reach out to Senator Jack Reed (D-RI), who plans to introduce legislation early next year that would update the GME program to (1) reflect changes enacted in the health care reform law and (2) establish a mandatory children's hospital GME payment system. The measure is based upon recommendations contained in the June MedPAC report to Congress.

Senator Reed's objective is to modify the ground rules of the GME payment system by basing 10 percent of IME payments on "training in primary care, a variety of settings and systems, care coordination, the cost and value of diagnostic and treatment options, inter-professional and multi-disciplinary teams, identification of system errors and solutions, and the use of health information technology."

To help pay for the new performance-based payments and mandatory children's GME funding, Reed's draft would increase the assessment on insurance companies that was included in the health reform law.

The Subcommittee is preparing a formal letter to Senator Reed, reinforcing the need to re-base payments more in line with performance, and offering to serve as a resource in drafting legislation.

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 National Institutes of Health (NIH), the Department of Veterans Affairs (DVA), and the Agency for Healthcare Research and Quality (AHRQ), and others. A quick review of the status of programs within the subcommittee's jurisdiction is in order.

Starting with the National Institutes of Health, both the House and Senate are recommending \$32.3 billion for FY11, the same level as recommended by the President in his budget submission to Congress. This 3.2 percent increase will cover the rate of biomedical inflation, but allow for no growth in NIH.

Within the NIH budget, the Senate included a \$50 million line item for the Cures Acceleration Network (CAN), which was authorized in the Affordable Care Act. The summary of the House bill says that it is making available "up to \$50 million" but they have yet to release the precise language of their bill, continuing to make it difficult to ascertain if the provisions are identical. This bill remains "stuck" in the appropriations morass described in the beginning section of this Report.

Both the House bill (which has passed) and the Senate bill (which is out of committee) recommends \$590 million for VA medical research, a \$10 million increase over the current year and equal to the President's recommended level of funding. The Research Subcommittee is continuing its work to identify the specific amount of this money that is being allocated to health services research.

Both the House and Senate subcommittees took significant cuts in the President's recommended levels for AHRQ. You may recall from earlier updates that the President recommended bringing AHRQ's funding level from \$397 million in the current year to \$611 million, with a significant increase for CER. Based on the subsequent passage of the Affordable Care Act and the creation of PCORI, the House cut \$200 million from the recommended level and the Senate cut \$214 million.

As you can see, 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

Implementation of the Affordable Care Act (ACA) is well underway. The Center for Medicare and Medicaid Services (CMS) has the responsibility for running the demonstration programs, like those looking at bundling and accountable care organizations (ACOs). CMS is currently preparing the ACO program, and a proposed rule is expected before the end of the year. Much of the work on these demonstrations will be conducted by the new Center for Medicare and Medicaid Innovation (CMI), which must be in place by January 1, 2011. In preparation for the official launch of CMI, Dr. Richard Gilfillan has been named the Acting Director.

ACA required the Department of Health and Human Services to develop a National Quality Strategy, including a comprehensive strategic plan and the identification of priorities to improve the delivery of health care services, patient health outcomes and population health. Secretary Sebelius is seeking input into the strategy's development. SGIM is working with ACP to develop a response to the Secretary's solicitation.

While the SGR fix passed in June will not expire until November 30, specialty societies, including SGIM, are already engaged in discussions to avert the 21 percent cut in Medicare reimbursement. The AMA is proposing that Congress do a 13 month freeze that will run through the end of 2011 to ensure the stability of physician payments. Besides providing stability, it will also ensure that this issue is not considered by the new Congress at the beginning of the session when it is possible health care reform repeal efforts may be occurring. If the fix is cliff financed, meaning that the cut is just deferred until the expiration of the patch, it would cost \$16 billion and physicians would be facing an approximately 30 percent cut in January 2012. If a 13 month freeze is fully paid for, it would cost \$113 billion.

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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To volunteer to serve on the HPC and its subcommittees, please contact anyone listed above.