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 4, 2012

The Headlines:

- **Congress Returns…There Must Be a Can that Needs Kicking!**
- **Continuing Resolution Works to AHRQ's Benefit**
- **Health Professions, Nurse Training Communities Unite**
- **Physicians Facing 27% Cut in Medicare Reimbursement**

Congress Returns…There Must Be a Can that Needs Kicking!

When it comes to dealing with the big fiscal, social and policy issues that are confronting the country at this time, the cliché that has taken hold in Washington is the image of "kicking the can down the road." So, whatever the issue, the prediction is the generally the same:

The Bush tax cuts: Congress will just kick the can down the road. The SGR: Congress will just kick the can down the road. The expiration of extended unemployment benefits: Congress will just kick the can down the road. And so on, and so on.

So, as we enter what is likely to be a brief September for Congress, the "can" that needs kicking is the expiration of the 2012 fiscal year on September 30 – without a single appropriations bill having been enacted.

And, therefore, to prevent a shutdown of the federal government

less than six weeks before Election Day, Congress must pass a Continuing Resolution (CR) that will assure that FBI agents can come to work, that the National Parks remain open, that meat is inspected, that passports are issued, etc.

Shortly before adjourning for the traditional August recess, House Speaker John Boehner, Senate Majority Leader Harry Reid and the Obama Administration announced that a deal had been reached to pass a six month CR covering the period from October 1, 2012 to March 31, 2013. Two aspects of the announcement were particularly interesting.

First, the agreement called for passing a CR at the funding level contained in the Budget Control Act of 2011 ($1.047 trillion) and not at the level included in the House Budget Resolution ($1.028 trillion), effectively throwing the House Budget Committee under the bus. Why is that so interesting? Because the Chairman of the House Budget Committee is Rep. Paul Ryan – as in Republican Vice Presidential candidate Paul Ryan.

Secondly, what makes this announcement and agreement interesting is that, after announcing it, Congress went home without actually passing it. There has been a lot of speculation that House Speaker Boehner may not be able to deliver his 75 or so Tea Party members to vote for anything. If the Democrats vote no because there is too little spending and the Tea Partiers vote no because there is too much, there are not enough non-Tea Party Republicans in the House to get the 218 votes needed for passage.

In that case, September could turn into yet another ugly fight within the Congress. If it does, it will have less to do with substance and far more to do with politics. If either party, through their non-stop polling and focus groups perceives a political advantage from stopping the CR, they will attempt to do so.

Clearly, the leaders think it is in everyone's interest *not* to have this fight at this time. However, in order for leaders to lead, someone has to follow. And that has been the part that this Congress has had trouble with.

Continuing Resolution Works to AHRQ's Benefit

As we discussed above, Congress will be considering a Continuing Resolution (CR) in September that will effectively maintain funding at current levels. The failure of Congress to reach a final decision on FY13 spending levels ironically will likely work to the benefit of the Agency for Healthcare Research and Quality (AHRQ).

While AHRQ's budget was maintained in the Senate's version of the appropriations bill that was reported out of committee earlier this summer, the House version of the bill (which was released from subcommittee but not yet considered by the full committee) eliminated any funding for the Agency. If that provision were enacted, AHRQ would cease to exist on October 1.

And, even if it is not enacted, it would mean that when the House and Senate negotiators sit down together to finalize funding levels for the year, the contrast would be between current funding and zero, creating the possibility that a "compromise" could result in a significant cut.

AHRQ's funding stream is different than most agencies. Rather than having its funds directly appropriated from the Treasury, AHRQ's money comes from an "evaluation tap" on the rest of the Public Health Service. By eliminating that money from its appropriations bill, the House subcommittee did not, in fact, cut overall spending or reduce the deficit in any way. Rather what it did was assure that the other PHS agencies (the largest of which, by far, is the NIH) could keep the funds that normally would be transferred to AHRQ.

The speculation in the health services research community in DC is that this was done as a back-door means to get some additional funding to NIH which was recommended for no increase in the bill.

All of which leaves the question of "what do to about this?"

SGIM has been working closely with AcademyHealth and will be soon reaching out to our colleagues that are interested in health services

research (including AAMC, ACP, AAFP, SHM and others) to address the House's attack on AHRQ funding, as well as other provisions of the bill that damage HSR.

(Among those provisions are a prohibition on PCOR in the agencies covered by the bill; a prohibition on economics research at NIH; earmarking more money for basic research – and therefore less for translational research – at NIH; elimination of the Prevention and Public Health Fund; and a prohibition on research, demonstration and evaluation funding at CMS.)

Our plan involves a six-month long education and lobbying effort designed to assure that Members of Congress learn what HSR is all about and why it is critical to the success of the healthcare system. Support from SGIM members will be integral to the success of this effort so please plan to respond to CapWiz and other requests as they arrive.

Health Professions, Nurse Training Communities Unite Against Sequestration

SGIM joined with a coalition of health professions and nurse training organizations in calling for a balanced approach to any further efforts to reduce the federal deficit.

In a letter to be sent to Congress in mid-September, the Health Professions and Nursing Training Coalition (HPNEC) will urge Congress to avoid further across-the-board cuts, or risk undermining efforts to improve the supply, diversity and distribution of the health care workforce.

The Budget Control Act adopted by Congress and the president last summer requires $1.2 trillion in deficit reduction next January. That is over and above the $1 trillion already cut from discretionary programs. Unless a balanced approach is agreed to by January, discretionary programs, like health professions training, face across-the-board cuts of 8 – 10 percent.

Noting that discretionary programs have already contributed their fair share to deficit reduction, HPNEC's letter to Congress cites the devastating impact deeper cuts

would have on workforce training programs.

Physicians Facing 27% Cut in Medicare Reimbursement Without Congressional Intervention

With the November elections just around the corner, members of Congress will be facing their constituents under the cloud of a 27% cut in Medicare reimbursement, as dictated by the Sustainable Growth Rate (SGR) scheduled for January 1. The Congressional Budget Office (CBO) has estimated that blocking the scheduled cut will cost $18.5 billion over 10 years.

Congress is most likely to address this issue during the lame duck session following the election, but at this point, it is unclear the length of the patch that will be proposed. Since blocking the last SGR cut scheduled for March 1 of this year, both House and Senate committees have held hearings on how to best replace the flawed SGR formula, the House Ways & Means Committee solicited input from physician groups, including SGIM, on potential new payment models.

In May, Representatives Allyson Schwartz (D-PA) and Joe Heck (R-NV) introduced legislation to revamp the physician payment system. It eliminated the SGR and called for a period of payment stability with payment increases for primary care and specialty physicians. During that period, new payment models would be tested and physicians would have time to transition to a new payment and delivery system. However, given that replacing the SGR costs hundreds of billions of dollars, we are unlikely to see this legislation pass prior to the first of the year.

Further complicating this situation is the sequester, which dictates that 2% cut be cut from Medicare. Yet, this cut can only be to providers, not to beneficiaries. At this time, we do not know how exactly that cut will be applied, but it's impact could be devastating to providers, as well as a beneficiaries, if it comes on top of a 27% cut.

Health Policy Committee Leadership Contact Information

Mark Schwartz, HPC Chair	Mark.Schwartz3@va.gov
T. Shawn Caudill, HPC Co-Chair	tscaud1@pop.uky.edu
Ann Nattinger, Council Liaison	anatting@mcw.edu
Angela Jackson, Education Sub. Chair	angela.jackson@bmc.org
Scott Joy, Clinical Practice Sub. Chair	joy00002@mc.duke.edu
Gary Rosenthal, Research Sub. Chair	gary-rosenthal@uiowa.edu
Cara Litvin, Membership Dev. Sub. Chair	litvincb@musc.edu

Health Policy Committee Staff Support

Francine Jetton, SGIM	jettonf@sgim.org
Lyle Dennis, CRD Associates	ldennis@dc-crd.com
Dom Ruscio, CRD Associates	druscio@dc-crd.com
Erika Miller, CRD Associates	emiller@dc-crd.com