THIS WEEK IN WASHINGTON – MAY 11, 2012

HOUSE RECONCILIATION BILL CUTS HEALTH CARE SPENDING
The House of Representatives voted along party lines Thursday to pass a bill that makes major cuts in Medicaid spending while allowing across-the-board Medicare cuts to take effect as scheduled. The budget reconciliation bill introduced earlier in the week by House Budget Committee Chairman Paul Ryan and adopted by the House without amendment blocks automatic cuts to the Pentagon budget that are part of last year’s debt-ceiling agreement and the looming sequestration. The legislation also repeals the Prevention and Public Health fund in the Affordable Care Act (ACA) and allows states to cut Medicaid enrollment. House Democrats refused to support the measure because it failed to seek additional tax revenue from those earning higher incomes. In the Senate, Republicans intend to offer a similar measure as an amendment to a military spending bill up for consideration next week. However, Senate Majority Leader Harry Reid has made clear that such a measure will not receive a vote by the full Senate without the addition of revenue generating provisions, and President Obama has pledged a veto.

CMS PROPOSES TEMPORARY MEDICAID PAY INCREASE FOR PRIMARY CARE
This week CMS released a proposed rule to increase Medicaid reimbursement rates. CMS applies the proposal to various subspecialties in pediatrics, family medicine and general internal medicine, such as pediatric cardiologists and neonatologists, when they perform certain primary care services. However, CMS chose not to apply these higher rates to other specialties that routinely provide primary care services, like emergency medicine. The agency also proposed higher rates for some evaluation and management (E&M) services that are common in primary care but not currently billable under Medicare. This is in addition to the specific E&M reimbursement outlined in the ACA. The rates only apply to services provided under the physician fee schedule. Under the ACA, states must increase their respective Medicaid physician rates for certain primary care services during 2013 and 2014 to no less than either Medicare rates or those that would be in place through the 2009 Medicare physician base rate. The federal government will fund 100% of the difference for these two years, after which reimbursement levels are left up to the states. The proposal was met with criticism from Senate Finance Committee ranking member Orin Hatch (R-UT), who said the temporary increase is unlikely to attract and retain more doctors and that Congress would likely have to step in to prevent a rate reduction when the two-year period expires in a similar fashion to the way it annually addresses the Sustainable Growth Rate (SGR) or “doc fix.”

SENATORS INTRODUCE RURAL HOSPITAL ACCESS ACT
Senators Charles Schumer (D-NY) and Charles Grassley (R-IA) introduced the Rural Hospital Access Act to reauthorize the Medicare-Dependent Hospital (MDH) Program and the enhanced low-volume Medicare adjustment for prospective payment system (PPS) hospitals through September 30, 2013. The MDH Program pays 211 eligible hospitals for inpatient services the sum of their PPS rate plus three-quarters of the amount by which their cost per discharge exceeds the PPS rate. A hospital qualifies for the MDH program if it is located in a rural area, has no more than 100 beds, is not classified as a Sole Community Hospital and has at least 60% of inpatient days or discharges covered by Medicare. A copy of the bill can be found here.

FDA USER FEES PASS HOUSE COMMITTEE
In a rare display of bipartisanship, the House Energy and Commerce (E&C) Committee unanimously approved the “Food and Drug Administration Reform Act” by a vote of 46 to 0. The legislation ensures continuation of various FDA programs, including the Prescription Drug User Fee Act and Medical Device User Fee Act. It also authorizes new user fee programs, the Generic Drug User Fee Act and Biosimilars User Fee Act to facilitate the review and approval of life-saving and life-improving drugs and medical devices. Read the legislative summary here. The Senate passed a similar measure last week. The two bills will be reconciled by a House/Senate conference committee before being sent to President Obama who is expected to sign the measure into law.

SGR BILL GETS REPUBLICAN SPONSOR
Rep. Joe Heck (R-NV), an osteopathic physician, joined Rep. Allyson Schwartz (D-PA) this week to introduced a bill that changes how Medicare pays physicians. The bill would repeal the current reimbursement formula (the Sustainable Growth Rate) and replace it with a new system of payment models. It also would increase in-physician payment rates for four years. Click here to read the bill. The measure uses
savings from troop withdrawals in Iraq and Afghanistan to pay for the reforms and rate increase. While the bill's sponsors realize its future is uncertain, they view it as a way to start looking at long-term Medicare reform measures. In a conversation with reporters, Rep. Heck called the current reimbursement the "single greatest threat to Medicare." The bill instructs CMS to create new payment model options that give providers more flexibility based on specialty, region or type of practice. Physicians who treat Medicare patients face a 30% reimbursement cut under sequestration if Congress fails to act before January 1, 2013.

NEXT WEEK
The Senate Labor, Health and Human Services, Education and Related Agencies Subcommittee will hold a hearing on proposed FY 2013 appropriations for departments, programs and agencies under its jurisdiction.

The Senate Health, Education, Labor and Pensions Committee will hold a hearing titled "Identifying Opportunities for Health Care Delivery System Reform: Lessons from the Front Line."

The House Veterans’ Affairs Health Subcommittee will hold a hearing titled “Optimizing Care for Veterans with Prosthetics.”

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