



Congress Returns to Fight Over FY 2012 Budget and Federal Debt Limit Increase

Budget and PPACA Votes Take Center Stage

This week **Senate Majority Leader Harry Reid** said he will begin discussing the process of bringing to a vote the Ryan FY 2012 budget plan passed by the House (H.Con.Res. 34). **Senate Minority Leader Mitch McConnell** also promised an attempt to have the Senate vote on **President Obama's** FY 2012 budget as well. **Senate Budget Committee Chairman Kent Conrad** is expected to soon move his committee's version of the FY 2012 budget which is expected to receive a favorable vote from the Senate Democrat caucus.

With the vote to increase the federal debt limit expected by early July, the outcome of the budget debate in the Senate will serve to color the vote on the debt limit. **Senator Conrad** has already announced he will not vote for a long-term increase in the debt limit, absent a framework for dealing with future federal deficits and debt reduction.

Potential Republican amendments to defund the PPACA on an unrelated small business bill, S. 493, may force **Senator Reid** to pull

this bill from the Senate docket.

Also, the House returns to vote this Tuesday on H.R. 1213, legislation to repeal PPACA mandatory funding for state health insurance exchanges. CBO says the savings would amount to about \$14 billion over ten years. On Wednesday the House takes up H.R. 3, the "No Taxpayer Funding for Abortion Act" which would also have an effect on the benefits under the PPACA. The House Energy and Commerce Committee is also slated to soon consider legislation to be introduced which would repeal the PPACA requirement that states maintain current eligibility until the PPACA mandate kicks in on January 2014.

Inside

PPACA Oversight	2
Boost for CMMI by AMA Past President	2
Single-Payer on the Way in Vermont	2
Hospital Value-Based Purchasing Rules	2
MACPAC Recommendations Implemented	2
SGR on the Block	3
SNF Payment Options	3
IRF Payments to Increase	3
MRI Coverage for Patients with Implanted Pacemakers	3

PPACA Oversight

The requested information from the White House on meetings leading up to the passage of the PPACA by House Energy and Commerce Committee **Reps. Fred Upton and Joe Pitts** was made public last week. In meetings held from March 9, 2009 through March 18, 2010 **White House Deputy Chief of Staff Nancy-Ann DeParle** and other

health reform staff met over one hundred times with numerous representatives of key health industry groups such as the AMA, the AHA, the pharmaceutical industry, unions--including the SEIU, AFL-CIO, etc., AARP and other organizations. While the Republican House questioned the meetings as “secret negotiations,” the White House responded

that the Administration took unprecedented steps to engage the American people leading up to the historic reform law. Also, House Republicans continue to pressure AARP to provide additional information on their tax and insurance operations even as AARP ramps up its opposition to Republican efforts to defund the PPACA and block grant Medicaid.

Hospital Value-Based Purchasing Rules

CMS issued a final rule implementing the PPACA Hospital Value-Based Purchasing (VBP) program which is intended to reward hospitals for providing high quality, safe care for patients. CMS said it will distribute about \$850

million in FY 2013 to hospitals based on their overall performance on a set of quality measures that have been linked to improved clinical processes of care and patient satisfaction.

MACPAC Recommendations Implemented

CMS issued a proposed regulation providing guidance for states that may be considering reductions in Medicaid provider payments as a way to achieve state budget goals. The rule proposes that states conduct periodic reviews of the data for covered services using an analytic framework which reflects enrollee needs, the availability of care and providers and the utilization of services. The rule reflects recommendations previously made by the Medicaid and CHIP Payment and Access Commission (MACPAC).

Boost for CMMI by AMA Past President

The Administration announced that **Dr. Nancy Nielsen**, a past president of the American Medical Association, will become a senior adviser to the CMS Center for Medicare and Medicaid Innovation established under the PPACA. Republicans remain skeptical of the center and can be expected to give close congressional oversight on the agency’s activities.

Single-Payer on the Way in Vermont

Last week the Vermont senate voted to approve legislation that would create a universal single payer health care system called Green Mountain Care. If a conference committee finalizes the legislation, the system would go into effect pursuant to a waiver issued from HHS.

SGR on the Block

The House-passed FY 2012 budget plan anticipates a revision of the Medicare physician payment “sustainable growth rate” system, but leaves the specific changes to committees of jurisdiction to formulate. In a letter to the House E&C Committee, the AMA said that the payment system “should involve transitioning to a new generation of payment models that reward physicians and hospitals

for keeping patients healthy, managing chronic conditions in a way that avoids hospitalizations, and, when acute care episodes occur, delivering high quality care with efficient use of resources....” The AMA also suggested that doctors should receive payment updates commensurate with the growth in medical practice costs during any transition period.

SNF Payment Options

CMS issued another proposed rule that provides two options for setting FY 2012 payment rates for skilled nursing facilities. The first would provide an increase of \$530 million, or 1.5%, derived from

applying the 2012 market basket index of 2.7% and reducing it by 1.2% to account for greater efficiencies in operating nursing homes. The second option would adjust for an unforeseen increase in nursing home payments during FY

2011 and restore overall payments to their intended levels on a prospective basis, thus reducing payments to SNF’s by 11%, or \$3.94 billion less than payments in 2011.

IRF Payments to Increase

CMS issued a proposed rule that would increase payments to inpatient rehabilitation facilities under the prospective payment system by about \$120 million in FY 2012. The rule would also implement provisions of the PPACA which establishes a new quality reporting program providing for a 2% reduction in the annual increase factor beginning in 2014 for failure to report quality data to HHS.

MRI Coverage for Patients with Implanted Pacemakers

CMS announced that it is reversing a previous decision and proposing to cover magnetic resonance imaging (MRI) for patients with implanted pacemakers, so long as the pacemakers are used according to FDA approved labeling in an MRI environment.