



House Returns to Deal with Appropriations and Federal Debt Issues

Appropriations Bills Subject to House Votes

The House returns on Monday to continue consideration of H.R. 2055, The Military Construction/Veterans Affairs appropriations bill. In a unique move, Republican House leaders plan are expected to call for a vote on whether to remove funding for veterans' programs from H.R. 2055 before sending it to the Senate. The procedure could again be used to split up more-controversial bills, such as LHHS, before Congress recesses for the Labor Day work period. Later in the week, the House is scheduled to take up H.R. 2112, the Agriculture/Rural Development/FDA spending bill for FY 2012.

Federal Debt Limit Negotiations

With the threat that markets could implode without an agreement on spending reductions as the grease to obtain a positive vote to increase the federal debt limit, the bipartisan/bi-chamber budget negotiations led by **Vice President Joseph Biden** are expected to speed up this week on such topics as discretionary spending cuts, budget caps and entitlement reform. In a bid to gain Republican support for job creation, the White House has anteed up an idea to let slide the collection of the employer-paid half of Social Security and Medicare payroll taxes. It would appear this would be a non-starter if the White House also insists on more "economic stimulus" spending. Making any agreement more difficult, Senator Rockefeller announced that 41 Senate Democrats have

signed letters to the President stating their opposition to budget caps and he and others have indicated they will not support major changes to Medicaid, such as block granting the federal program. **Senator Chuck Schumer** and several other Senate Democrats have also asked the President to steer clear of major Medicare spending reductions. Notwithstanding the stance taken by others in the Democrat caucus, **Senator Joseph Lieberman** unveiled his ten-year plan to save at least \$200 billion in Medicare by: raising the Medicare eligibility age every year starting in 2014 by two months until it reaches 67 in 2025; reforming the benefit structure; raising the prices of Part B and D premiums for all new enrollees; reforming Medigap policies; and asking higher-income seniors to pay an additional 1% of every dollar they earn over \$250,000. **Senator Jon Kyl** also made it clear that Senate Republicans will insist on at least \$2.4 billion in spending reductions to secure their vote to increase the federal debt ceiling. A deal of less than this amount would likely force Congress and the President to revisit

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the debt limit issue again before the 2012 elections. The “sabbatical” taken by **Senator Tom Coburn** from the so-called Senate “Gang of Six” has not stymied the groups’

outreach to about 20 other senators with new details for a long-term deficit reduction framework. Of note, **Senator Coburn** is planning on offering an amendment to eliminate ethanol subsidies for energy companies as part of

the debate on S. 782 (the EDA Reauthorization Act), arguing that the move is not a “tax increase” but necessary to curb corporate tax expenditures.

NAIC Committee Votes to Help Agents under PPACA MLR

Health insurance agents and brokers have complained that their income and ranks will be trimmed significantly if the PPACA minimum loss ratio rules are left to stand. The Health Insurance and Managed Care Committee of the National Association of Insurance Commissioners voted to offer up a dozen options for modifying the impact of the MLR on health insurance agents and brokers. The report will be taken up next by the NAIC Professional Health Insurance Advisors Task Force which will make a recommendation to HHS on whether and how to make some sort of accommodation for the agents. Bipartisan legislation introduced by Reps. Mike Rogers and John Barrow would remove agent compensation from the administrative expenses used to determine the MLR.

CLASS Act Concerns

Led by Reps. Charles Boustany, Phil Gingrey and Daniel Lipinski, there appear to be increasing bipartisan concerns about the viability and sustainability of the PPACA long-term care CLASS Act program. They said that Secretary Sebelius’ response to their inquiry on the program was inadequate and that they still question HHS authority to change the program to make it viable without further legislation.

Grants for Chronic Disease Prevention

HHS announced that up to \$40 million in PPACA state health department grants will be made by the CDC to improve their chronic disease prevention efforts.

Employer Coverage at Risk under PPACA

McKinsey and Company released an employer survey finding that 30% are “definitely” or “probably” going to stop offering employer coverage when the PPACA takes full effect in 2014. Many employees with current coverage may not be eligible for federal coverage subsidies under state-based health insurance exchanges when they take effect that year.

Physician Owned Device Distributors Under Scrutiny

Senators Hatch, Baucus, Kohl, Corker and Grassley sent a letter to the HHS OIG asking for an investigation into physician-owned medical device distributors (PODs) because of their concern over potential conflicts of interest about patient safety. They also asked CMS to report on how it will treat PODs under regulations implementing the Physician Payments Sunshine Act and the accountable care organizations created under the PPACA.

Care Coordination DEMO

HHS announced that a Medicare demonstration project will make federally qualified health centers eligible for up to \$42 million to better coordinate care for Medicare patients. The so-called FQHC Advanced Primary Care Practice will pay about 500 health centers a \$6 per beneficiary monthly care management fee, on top of regular reimbursement rates, to coordinate care and manage chronic conditions for patients.

H.R. 2108 (MEDICARE), to amend Title XVIII of the Social Security Act to modernize payments for ambulatory surgical centers under Medicare; SESSIONS; jointly, to the committees on Energy and Commerce and Ways and Means, June 3.

H.R. 2123 (PUBLIC HEALTH), to amend the Public Health Service Act to improve the diagnosis and treatment of hereditary hemorrhagic telangiectasia, and for other purposes; GALLEGLY; jointly, to the committees on Energy and Commerce and Ways and Means, June 3.

H.R. 2128 (MEDICARE), to amend Title XVIII of the Social Security Act to prevent the application of payment adjustments for eligible professionals who are not successful electronic prescribers, to remove any electronic prescribing requirement as an element for demonstrating meaningful use of certified EHR technology, and for other purposes; ELLMERS; jointly, to the committees on Energy and Commerce and Ways and Means, June 3.

H.R. 2134 (MEDICAID), to amend Title XIX of the Social Security Act to improve access to advanced practice nurses and physician assistants under Medicaid; OLVER; to the Committee on Energy and Commerce, June 3.

H.R. 2135 (MEDICAID), to amend titles XI and XIX of the Social Security Act to improve the

availability of Medicaid assistance for certain breast and cervical cancer patients in the territories; PIERLUISI; to the Committee on Energy and Commerce, June 3.

H.R. 2140 (MEDICARE), to amend Title XVIII of the Social Security Act to provide Medicare beneficiaries coordinated care and greater choice with regard to accessing hearing health services and benefits; ROSS of Arkansas; jointly, to the committees on Energy and Commerce and Ways and Means, June 3.

H.R. 2144 (GLOBAL HEALTH), to amend the Foreign Assistance Act of 1961 to codify the cooperative agreement, known as the Health Technologies Program, under which the United States Agency for International Development supports the development of technologies for global health, and for other purposes; SIRES; to the Committee on Foreign Affairs, June 3.

H. RES. 298 (DISEASE AWARENESS), expressing the sense of the House of Representatives that there is need for specified agencies to coordinate and capitalize on existing programs for epilepsy awareness; EMERSON; to the Committee on Energy and Commerce, June 3.

S. 1147 (VETERANS' HEALTH), to amend the Department of Veterans Affairs Health Care Programs Enhancement Act of 2001 and Title 38, United States Code, to require the provision of chiropractic care and service to veterans at all Department of

Veterans Affairs medical centers and to expand access to such care and services, and for other purposes; BLUMENTHAL; to the Committee on Veterans' Affairs, June 6.

S. 1167 (PUBLIC HEALTH), to amend the Public Health Service Act to improve the diagnosis and treatment of hereditary hemorrhagic telangiectasia, and for other purposes; JOHNSON of South Dakota; to the Committee on Health, Education, Labor, and Pensions, June 9.

S. 1171 (TAXATION), to amend the Internal Revenue Code of 1986 to extend the exclusion from gross income for employer-provided health coverage for employees' spouses and dependent children to coverage provided to other eligible dependent beneficiaries of employees; SCHUMER; to the Committee on Finance, June 9.

S. 1173 (MEDICARE), to amend Title XVIII of the Social Security Act to modernize payments for ambulatory surgical centers under Medicare; WYDEN; to the Committee on Finance, June 9.