



Health Policy Briefing

March 16, 2015

Congress Gears Up for Debate on Budget, SGR Repeal

House May Introduce SGR Repeal Bill

House leadership may introduce legislation to repeal and replace the Medicare program’s sustainable growth rate (SGR) physician payment formula. Lawmakers have been in quiet discussions on the legislation over the past week, with talks focusing on the possibility of not paying for a significant portion of SGR repeal. A bipartisan, bicameral agreement was reached last Congress in the SGR Repeal and Medicare Provider Payment Modernization Act of 2014, but a failure to reach a consensus on potential offsets precluded the bill’s passage. SGR repeal would cost at least \$174 billion over 10 years according to the Congressional Budget Office (CBO). The forthcoming legislation is expected to pay for only a portion of a permanent doc fix, amounting to around \$70 billion. While Democrats have argued that SGR repeal does not need to be offset, support from many congressional conservatives for an SGR solution that is only partially paid for is unlikely. However, the GOP Doctors Caucus is supportive of an only partially offset SGR repeal. Caucus Co-Chairman John Fleming (R-La.) expressed hope that the bill would pass with the help of strong Democratic support. Senate Finance Committee Chairman Orrin Hatch (R-Utah) has weighed in on the House SGR negotiations, saying he would support permanent SGR repeal whether or not the legislation is fully paid for. Ranking Member of the Senate Finance Committee Ron Wyden (D-Ore.), an author of the SGR legislation in the 113th Congress, has also praised the House efforts to move on SGR repeal and replacement. He noted that he will urge reauthorization of the Children’s Health Insurance Program (CHIP) during coming SGR debates. Current authorization for CHIP expires at the end of September. In a joint statement by House Energy and Commerce Committee Chairman Fred Upton (R-Mich.) and Ranking Member Frank Pallone (D-N.J.) and House Ways and Means Committee Chairman Paul Ryan (R-Wis.) and Ranking Member Sander Levin (D-Mich.) the lawmakers also expressed an interest in extending CHIP through a permanent resolution to the SGR. Eight legislative days remain before the current SGR patch expires on March 31. In the event that Congress fails to act, reimbursements to Medicare physicians will see a 22 percent cut on April 1.

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House and Senate Republicans to Unveil Separate Budget Resolutions

House and Senate Republicans plan to release separate budget plans later this week. The Senate Budget Committee is already scheduled to mark up its fiscal year 2016 budget resolution on March 18 and 19. Votes on amendments to the resolution are set for the week of March 23. According to Ranking Member Bernie Sanders (I-Vt.) a Democratic alternative will not be offered to the Senate budget resolution. Lawmakers will instead focus on promoting their priorities through amendments to the Republican budget. The congressional budget process provides for the annual adoption of a concurrent resolution on the budget to serve as a framework for the consideration of budgetary legislation, including the annual appropriations process. The congressional budget timetable sets April 15 as a target date for completion of the annual budget resolution, although Congress usually does not meet the deadline. It is expected that lawmakers in both the House and the Senate will move to mark up and adopt the resolutions by the end of the month, before Congress recesses for two weeks from March 30 to April 10. The CBO has also released its estimate of the President's FY 2016 budget based on its own economic projections and estimating models rather than on the Administration's Office of Management and Budget (OMB). CBO estimates that if enacted, the President's budget would have no significant net effect on the deficit in 2015 but would reduce deficits relative to those in CBO's baseline in each year between 2016 and 2025. For 2015, the deficit would total \$486 billion. The deficit would fall to \$380 billion in 2016 and then increase in each subsequent year over a 10-year period, growing to \$801 billion in 2025, according to CBO projections.

Prescription Drug Spending on the Rise

According to a [report](#) released by Express Scripts last week, spending on prescription medicines rose 13.1 percent last year. This is the largest increase in prescription drug spending since 2003. Express Scripts found that the increase was driven by a few specialty areas, particularly new drugs to treat hepatitis C. While new hepatitis C drugs have proven effective, with cure rates of more than 90 percent, they are also very expensive. The hepatitis C drug Sovaldi, for example, costs \$84,000 for a 12-week treatment. Spending on hepatitis C drugs increased by 743 percent. Express Scripts determined that if expensive specialty medications were excluded from their analysis, the drug spending increase would be approximately six percent, which is still higher than spending increases in recent years. In a blog post response to the report, PhRMA criticized Express Scripts for failing to calculate rebates in their analysis and only taking a small subset of medications into consideration. PhRMA notes that the year 2014 was unique given the high number of people who gained health insurance coverage, and the record number of new medicines which were approved by the Food and Drug Administration (FDA).

Medicare & Medicaid News

Quality Data, Quality Healthcare Act Introduced in the Senate

Sen. Tammy Baldwin (D-Wis.) and Sen. John Thune (R-S.D.) have introduced the Quality Data, Quality Healthcare Act, which would provide for greater access to Medicare claims data by modernizing and reforming the Qualified Entity (QE) program. S. 679 would allow organizations receiving Medicare data to analyze and redistribute it to authorized subscribers, such as insurers, health systems, and physicians, so that subscribers can make more informed decisions. The bill would also permit those entities to charge a fee to their subscriber so that the organizations can conduct robust analyses to improve health care quality and reduce costs. The Quality Data, Quality Healthcare Act was previously included in the bipartisan, bicameral SGR Repeal and Medicare Provider Payment Modernization Act of 2014.

Medicare & Medicaid News cont.

Medicaid Pay Bump Legislation Introduced

Sen. Patty Murray (D-Wash.) and Sen. Sherrod Brown (D-Ohio) have introduced legislation that would extend the Affordable Care Act (ACA) provision which guaranteed that Medicaid payments to primary care physicians equal reimbursements from the Medicare program. S. 737 would also expand the payment alignment to OB-GYNs, nurse practitioners, and physician assistants. Doctors are reimbursed as much as 60 percent less under the Medicaid program than they are under Medicare or private insurers. The ACA's Medicaid bump provision expired earlier this year. According to the Centers for Medicare and Medicaid Services (CMS), extension of the bump would cost at least \$11 billion.

Upcoming Congressional Meetings and Hearings

POSTPONED: House Energy and Commerce Health Subcommittee: hearing titled “Examining the 340B Drug Pricing Program;” a list of witnesses can be found [here](#)

Senate Health, Education, Labor and Pensions Committee: hearing titled “America’s Health IT Transformation: Translating the Promise of Electronic Health Records Into Better Care;” a list of witnesses can be found [here](#)

Senate Budget Committee will mark up its fiscal 2016 budget resolution; time and place TBD; March 18 and 19

House Veterans’ Affairs Oversight and Investigations Subcommittee: legislative hearing on H.R. 571, H.R. 593, H.R. 1015, H.R. 1017, H.R. 1128, H.R. 1129, and H.R. 1016, the “Biological Implant Tracking and Veteran Safety Act of 2015;” 8:00 a.m., 334 Cannon Bldg.; March 19

Senate Finance Committee: hearing titled “The Affordable Care Act at Five Years;” a list of witnesses can be found [here](#); 9:30 a.m., 215 Dirksen Bldg.; March 19

Senate Caucus on International Narcotics Control: hearing on the quota system used to manage controlled substances; time and place TBD; April 14

Health Legislation Recently Introduced

S. 679 (MEDICARE DATA), to amend title XVIII of the Social Security Act to increase access to Medicare data; BALDWIN; to the Committee on Finance; March 9

H.R. 1343 (HOSPITAL READMISSIONS), to amend title XVIII of the Social Security Act to adjust the Medicare hospital readmission reduction program to respond to patient disparities, and for other purposes; RENACCI; to the Committee on Ways and Means; March 10

H.R. 1344 (PHSA), to amend the Public Health Service Act to reauthorize a program for early detection, diagnosis, and treatment regarding deaf and hard-of-hearing newborns, infants, and young children; GUTHRIE; to the Committee on Energy and Commerce; March 10

H.R. 1345 (EHR), to amend title XIX of the Social Security Act to extend to physician assistants eligibility for Medicaid incentive payments for the adoption and use of certified electronic health records, whether or not such physician assistants practice at a rural health center or Federally qualified health center; BASS; to the Committee on Energy and Commerce; March 10

H.R. 1348 (PPACA), to amend the Patient Protection and Affordable Care Act to allow individuals to opt out of the minimum required health benefits by permitting health insurance issuers to offer qualified health plans that offer alternative benefits to the minimum essential health benefits otherwise required, and for other purposes; ELLMERS; jointly, to the committees on Energy and Commerce and Ways and Means; March 10

S. 683 (MEDICAL MARIJUANA), to extend the principle of federalism to State drug policy, provide access to medical marijuana, and enable research into the medicinal properties of marijuana; BOOKER; to the Committee on the Judiciary; March 10

S. 688 (HOSPITAL READMISSIONS), to amend title XVIII of the Social Security Act to adjust the Medicare hospital readmission reduction program to respond to patient disparities, and for other purposes; MANCHIN; to the Committee on Finance; March 10

S. 689 (SPORTS MEDICINE), to provide protections for certain sports medicine professionals who provide certain medical services in a secondary State; THUNE; to the Committee on Health, Education, Labor, and Pensions; March 10

S. 697 (TSCA), to amend the Toxic Substances Control Act to reauthorize and modernize that Act, and for other purposes; UDALL; to the Committee on Environment and Public Works; March 10

S. 707 (OPIOID OVERDOSE DRUGS), to provide certain protections from civil liability with respect to the emergency administration of opioid overdose drugs; MARKEY; to the Committee on the Judiciary; March 11

S. 709 (PPACA), to amend the Internal Revenue Code of 1986 to repeal the amendments made by the Patient Protection and Affordable Care Act which disqualify expenses for over-the-counter drugs under health savings accounts and health flexible spending arrangements; ROBERTS; to the Committee on Finance; March 11

S. 711 (PHSA), to amend section 520J of the Public Service Health Act to authorize grants for mental health first aid training programs; AYOTTE; to the Committee on Health, Education, Labor, and Pensions; March 11

S. 714 (PSYCHIATRIC MEDICINE), to require the Secretary of Defense and the Secretary of Veterans Affairs to jointly conduct a pilot program to assess the feasibility and advisability of expanding the use by the Department of Defense and the Department of Veterans Affairs of physician assistants specializing in psychiatric medicine, and for other purposes; DONNELLY; to the Committee on Veterans' Affairs; March 11

Health Legislation Recently Introduced cont.

S. 715 (MENTAL HEALTH), to improve the provision of mental health care to members of the Armed Forces and veterans from the Department of Defense and the Department of Veterans Affairs, and for other purposes; DONNELLY; to the Committee on Veterans' Affairs; March 11

S. 717 (MENTAL HEALTH), to designate certain non-Department mental health care providers who treat members of the Armed Forces and veterans as providers who have particular knowledge relating to the provision of mental health care to members of the Armed Forces and veterans, and for other purposes; DONNELLY; to the Committee on Veterans' Affairs; March 11

S.724 (CSA), to amend the **Controlled Substances Act to provide enhanced penalties for marketing candy-flavored controlled substances to minors**; GRASSLEY; to the **Committee on the Judiciary**; March 12

S.725 (TSCA): A bill to amend the Toxic Substances Control Act, and for other purposes; BOXER; to the **Committee on Environment and Public Works**; March 12

S.737 (MEDICAID BUMP): A bill to amend title XIX of the Social Security Act to extend the application of the Medicare payment rate floor to primary care services furnished under Medicaid and to apply the rate floor to additional providers of primary care services; BROWN; to the **Committee on Finance**; March 12

H.R. 1353 (EXCLUSIVITY PERIOD), to amend the **Federal Food, Drug, and Cosmetic Act to extend the period of exclusivity with respect to certain drugs, and for other purposes**; BILIRAKIS; to the **Committee on Energy and Commerce**; March 13

H.R. 1356 (VA), to improve the provision of health care for women veterans by the Department of Veterans Affairs, and for other purposes; COFFMAN; to the **Committee on Veterans' Affairs**; March 13

H.R. 1361 (MEDICAID): to amend title XIX of the Social Security Act to eliminate the State option to reduce the home equity exemption amount for purposes of eligibility for long-term care assistance under Medicaid, and for other purposes; GUTHRIE; to the **Committee on Energy and Commerce**; March 13