



Health Policy Briefing

March 23, 2015

SGR Repeal, Budget Resolutions Up for Debate

Leadership Introduce Bipartisan SGR Repeal and Replacement Bill

Committee leaders in the House of Representatives introduced bipartisan legislation to repeal the sustainable growth rate (SGR) last Thursday. The “SGR Repeal and Medicare Provider Payment Modernization Act of 2015”(H.R. 1470) contains over 150 pages of policy language, and is similar to the legislation passed by the House during the 113th Congress. The bill would repeal the SGR and institute a 0.5 percent annual payment update for five years while transitioning to a system that further incentivizes quality care. The proposal would incentivize providers to receive at least 25 percent of their revenue through alternative payments models (APMs) by 2019 to 2020, with the threshold percentage of revenue increasing over time. H.R. 1470 would consolidate the three existing Medicare quality programs-- the Physician Quality Reporting System (PQRS), the Electronic Health Record (EHR) Meaningful Use Program, and the Physician Value-Based Payment Modifier—into one-value based performance program and replace the current schedule of penalties with less severe payment adjustments. The proposal would also expand access to Medicare data by allowing qualified entities (QEs) to provide analyses to providers and professional societies to assist with quality improvement activities and the development of APMs. Qualified clinical data registries also would be able to purchase claims data for purposes of quality improvement and patient safety. To ensure more achievable quality gains, it would also require EHR interoperability by 2018. The introduced SGR replacement package would extend funding for the Children’s Health Insurance Program (CHIP) for two years. CHIP funding is scheduled to expire in September. The replacement plan would only be partially paid for, and leadership is trying to convince conservative members that long-term savings from structural entitlement spending reform will make up for the short-term cost of the bill. The legislation will offset \$70 billion of the bill’s \$210 billion total cost over the next decade. Half of this \$70 billion will come from structural Medicare reforms through additional beneficiary means testing, limiting first dollar coverage of supplemental Medigap plans for future beneficiaries, and reducing annual updates to hospitals

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and acute-care providers. The added means testing would impact approximately 2 percent of seniors by increasing premiums for single seniors making more than \$133,000 and married couples making more than \$267,000. The portion of their premium share this cohort would expect to pay would increase from 50 percent to 65 percent. Single beneficiaries with an income greater than \$160,000 or married beneficiaries with an income greater than \$320,000 would see their premium share increase from 65 percent to 75 percent of costs. For low-income seniors, the plan would extend a program helping those between 120 percent and 135 percent of the federal poverty line pay for their Part B premium for physician care. Senate Democrats are expected to push for a four-year reauthorization of CHIP rather than the proposed two-year reauthorization in the House bill. Over the weekend, Democratic members of the Senate Finance Committee released a joint statement on the SGR repeal negotiations, noting that a clean four-year reauthorization of the CHIP program would go a long way toward achieving bipartisan support. The statement also urged members of the House to make permanent the health extenders and to consider more balanced offsets that do not increase costs to beneficiaries. Speaker of the House John Boehner (R-Ohio) and Minority Leader Nancy Pelosi (D-Calif.), who led negotiations in crafting the repeal legislation, expressed optimism that the proposal would have enough bipartisan support to pass this Congress. Chairman of the House Energy and Commerce Committee Fred Upton (R-Mich.) has said that the legislation will receive a stand-alone vote, and Health Subcommittee Chairman Joe Pitts (R-Pa.) has said that it will be brought to the floor after the House considers the fiscal year 2016 budget proposal. Rep. Pitts also noted that lawmakers are not working on a short-term patch as a contingency plan. Physicians will see a 21 percent cut in reimbursements on April 1 without passage of the SGR replacement plan or a short-term doc fix. The Energy and Commerce Committee has compiled a [one-page summary](#) of H.R. 1470, a [section-by-section](#), and a [working summary](#) of the SGR package.

Republicans Unveil Budget Resolutions

Last week, Republican Budget Committee Chairmen released their budgetary proposals for fiscal year (FY) 2016. While both budgets propose to eliminate the deficit within 10 years without increasing taxes, there are notable differences between the two documents. House Budget Committee Chairman Tom Price's (R-Ga.) plan, entitled "A Balanced Budget for a Stronger America," would balance the federal budget in nine years through \$5.5 trillion in spending reductions. The blueprint proposes to partially privatize Medicare through a premium support voucher system starting in 2024, similar to past proposals by Rep. Paul Ryan (R-Wis.). It would also convert Medicaid into a block grant program. In total, the Senate budget would cut \$4.3 trillion in mandatory spending and \$97 billion in discretionary programs over the next decade. The proposal would also convert the Medicaid program to one that is similar to CHIP and based largely on block grants to the states. The budget directs \$430 billion in savings from Medicare to be found by individual committees. The resolution includes language that would **repeal the 2.3 percent medical device tax** enacted as a part of the Affordable Care Act (ACA), and as well as proposals to help keep rural hospitals open and help seniors receive care from pharmacists. Both the Senate Budget Committee and the House Budget Committee adopted their respective resolutions by party-line votes. Both budget proposals rely on the reconciliation process to repeal the ACA. Reconciliation allows committees to write bills which can pass the Senate with only 51 votes, instead of the 60 normally required to overcome a filibuster. The House budget would make it possible to use reconciliation to restructure the Medicare and Medicaid programs while also overhauling the tax code. 13 committees are charged with creating reconciliation bills by July 15. The Senate budget, however, contained very limited reconciliation instructions, allowing for two committees to draft legislation to repeal the ACA. The budget calls for the Senate Finance Committee and the Senate Health, Education, Labor, and Pensions (HELP) Committee to each find at least \$1 billion in deficit reduction savings from the health care law by July 31. Reconciliation could aid Republicans in creating a health care reform replacement plan should the Administration lose the *King v. Burwell* case. If the Supreme Court rules in the plaintiff's favor, 7.5 million people in the health care exchange could lose \$28 billion worth of subsidies. A Supreme Court decision is expected by the end of June. In order to successfully use reconciliation, Republicans in the House and Senate will need to agree upon a budget blueprint. The biggest challenge to a compromise budget will be agreeing on funding for the war spending account known as the overseas contingency operations (OCO) fund. The Senate will begin consideration of the fiscal 2016 budget resolution early this week, and voting on amendments could begin as early as Monday night. Both chambers are expected to hold floor votes on their budget resolutions by the end of the week. If both resolutions are passed, Senate Budget Committee Chairman Mike Enzi (R-Wyo.) has expressed hopes to reach a conference agreement by April 15.

Match Day 2015 Sees Increase in Medical Residency Spots

The National Resident Matching Program filled 30,212 positions this year, an increase of 541 spots over last year and an all-time high for the program. Sixty percent of the growth in first-year positions is attributable to primary care specialties. The number of registered applicants also rose this year to 41,224 applicants, up by 940 people. Stakeholders, however, continue to urge Congress to provide more federal funding for graduate medical education. The Association of American Medical Colleges (AAMC) noted that the increase in residency spots had not risen as fast as the number of medical school students. This year, of the 18,025 U.S. allopathic seniors who participated in the 2015 match, 93.9 percent were matched with first-year positions. The AAMC projects a shortage of up to 90,000 physicians in the U.S. by 2025.

House Passes Legislation to Speed Drug Classification

The House passed legislation last week that would require the Drug Enforcement Administration (DEA) to classify drugs within a specified timeline with the aim of getting new treatments to market faster and improving patient access to therapies approved by the Food and Drug Administration (FDA). The bipartisan H.R. 639, the “Improving Regulatory Transparency for New Medical Therapies Act,” was introduced by House Energy and Commerce Committee Chairman Joe Pitts (R-Pa.) Under current law, the DEA does not face a deadline for scheduling new drugs after they are approved by the FDA. H.R. 639 would require the DEA to classify drugs that haven’t been previously sold in the U.S. within 90 days.

Affordable Care Act Update

New Study Shows Moderate Premium Increases Last Year

The cost of the cheapest health insurance exchange plan increased by an average of 2.9 percent nationally, according to new [research](#) released by the Urban Institute. Premium increases varied by region, ranging from a 1.8 percent increase in the Northeast to a 5.4 percent increase in the South. The Northeast, however, continues to have the highest premium costs in the country at an average of \$284 per month. Premiums in cities rose less than their state average, while rural areas generally experienced a higher rise in premiums than the rest of their state. The report found that insurers often contained rates by limiting provider networks.

Upcoming Congressional Meetings and Hearings

Senate Health, Education, Labor and Pensions Committee: hearing titled “Continuing America’s Leadership: Advancing Research and Development for Patients;” a list of witnesses can be found [here](#); 10:00 a.m., 430 Dirksen Bldg.; March 24

House Ways and Means Subcommittee on Oversight: hearing titled “Use of Data to Stop Medicare Fraud;” 10:00 a.m., B-318 Rayburn Bldg.; March 24

House Energy and Commerce Health Subcommittee: hearing titled “Examining the 340B Drug Pricing Program;” a list of witnesses can be found [here](#); 10:00 a.m., 2322 Rayburn Bldg.; March 24

House Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies: hearing on proposed fiscal 2016 appropriations for the Centers for Disease Control and Prevention; a list of witnesses can be found [here](#); 8:30 a.m., 2358-C Rayburn Bldg.; March 25

Senate Special Aging Committee: hearing titled “The Fight Against Alzheimer’s Disease: Are We on Track to Treatment by 2025?” 2:15 p.m., 106 Dirksen Bldg.; March 25

House Energy and Commerce Oversight and Investigations Subcommittee: hearing titled “Examining the Growing Problems of Prescription Drug and Heroin Abuse: State and Local Perspectives;” 10:00 a.m., 2123 Rayburn Bldg.; March 26

Senate Veterans’ Affairs Committee: hearing titled “Veterans Affairs Opioid Prescription Policy, Practice and Procedures;” 10:00 a.m., 418 Russell Bldg.; March 26

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

House Veterans’ Affairs Committee: hearing titled “Examining Access and Quality of Care and Services for Women Veterans;” 10:30 a.m., 334 Cannon Bldg.; April 30

Health Legislation Recently Introduced

H.R. 1368 (INSURANCE), to amend the Internal Revenue Code of 1986 to prevent foreign diplomats from being eligible to receive health insurance premium tax credits and health insurance cost-sharing reductions, and for other purposes; ROYCE; jointly, to the committees on Ways and Means, Energy and Commerce, and Foreign Affairs; March 16

H.R. 1369 (NURSING HOME CARE), to modify the treatment of agreements entered into by the Secretary of Veterans Affairs to furnish nursing home care, adult day health care, or other extended care services, and for other purposes; WALORSKI; jointly, to the committees on Veterans' Affairs and Education and the Workforce; March 16

H.R. 1373 (PROVIDER CONSOLIDATION), to require the Secretary of Health and Human Services to consider, within the annual rulemaking processes, the effect of regulatory changes to certain Medicare payment systems on provider consolidation; BURGESS; jointly, to the committees on Ways and Means and Energy and Commerce; March 16

H.R. 1376 (FDCA), to amend chapter V of the Federal Food, Drug, and Cosmetic Act to permit provisional approval of fast track products; GRIFFITH; to the Committee on Energy and Commerce; March 16

H.R. 1383 (ADULT DAY SERVICES), to amend title XVIII of the Social Security Act to provide for coverage of certified adult day services under the Medicare program, and for other purposes; SÁNCHEZ; jointly, to the committees on Ways and Means and Energy and Commerce; March 16

H. Res. 150 (SARCOMA), expressing support for designation of July as National Sarcoma Awareness Month; CASTOR; to the Committee on Oversight and Government Reform; March 16

S. 739 (VA), to modify the treatment of agreements entered into by the Secretary of Veterans Affairs to furnish nursing home care, adult day health care, or other extended care services, and for other purposes; HOEVEN; to the Committee on Veterans' Affairs; March 16

S. 746 (BREAST CANCER), to provide for the establishment of a Commission to Accelerate the End of Breast Cancer; GRASSLEY; to the Committee on Health, Education, Labor, and Pensions; March 16

S. 747 (RESEARCH), to prioritize funding for an expanded and sustained national investment in basic science research; DURBIN; to the Committee on the Budget; March 16

H.R. 1387 (PPACA), to amend the Internal Revenue Code of 1986 to provide for the determination of the employer mandate under the Patient Protection and Affordable Care Act without regard to alien agricultural seasonal workers; ELLMERS; to the Committee on Ways and Means; March 17

H.R. 1400 (MEDICAID): to amend title XIX of the Social Security Act to transition the Medicaid thresholds applied for determining acceptable provider taxes, and for other purposes; GRIFFITH; to the Committee on Energy and Commerce; March 17

H.R. 1411 (MEDICAL SCHOOLS), to provide for a grants program to develop and enhance integrated nutrition and physical activity curricula in medical schools; RYAN; to the Committee on Energy and Commerce; March 17

S. 761 (VA), to amend the Public Health Service Act to designate certain medical facilities of the Department of Veterans Affairs as health professional shortage areas, and for other purposes; KLOBUCHAR; to the Committee on Health, Education, Labor, and Pensions; March 17

S. 763 (TRAUMA), to amend title XII of the Public Health Service Act to reauthorize certain trauma care programs, and for other purposes; REED; to the Committee on Health, Education, Labor, and Pensions; March 17

Health Legislation Recently Introduced cont.

H.R. 1416 (PART B), to prevent application of sequestration to payment for certain physician-administered drugs under part B of the Medicare program in fiscal years 2016 and 2017, and for other purposes; ELLMERS; jointly, to the committees on the Budget, Ways and Means, and Energy and Commerce; March 18

H.R. 1417 (PUERTO RICO), to amend title XVIII of the Social Security Act to provide parity to Puerto Rico hospitals with respect to inpatient hospital payments under the Medicare program; PIERLUISI; to the Committee on Ways and Means; March 18

H.R. 1420 (TRAUMATIC BRAIN INJURY), to direct the Secretary of Health and Human Services, acting through the Director of the Centers for Disease Control and Prevention, to establish a surveillance system regarding traumatic brain injury, and for other purposes; PASCARELL; to the Committee on Energy and Commerce; March 18

H.R. 1423 (INSURANCE), to amend the Public Health Service Act, the Employee Retirement Income Security Act of 1974, and the Internal Revenue Code of 1986 to exclude from the definition of health insurance coverage certain medical stop-loss insurance obtained by certain plan sponsors of group health plans; ROE; jointly, to the committees on Energy and Commerce, Ways and Means, and Education and the Workforce; March 18

H.R. 1424 (ANTIMICROBIALS), to amend the Federal Insecticide, Fungicide, and Rodenticide Act to allow the marketing, distribution, or sale of solid antimicrobial copper alloys with certain claims, to amend the Federal Food, Drug, and Cosmetic Act to exclude certain solid antimicrobial copper alloys from regulation as drugs or devices, and for other purposes; LATTA; jointly, to the committees on Energy and Commerce and Agriculture; March 18

H.R. 1427 (GLUCOSE MONITORING), to amend title XVIII of the Social Security Act to specify coverage of continuous glucose monitoring devices, and for other purposes; REED; jointly, to the committees on Energy and Commerce and Ways and Means; March 18

H.R. 1446 (PPACA), to amend the Patient Protection and Affordable Care Act to provide privacy protections that enable certain individuals to remove their profiles from the healthcare.gov website, and for other purposes; HURT; to the Committee on Energy and Commerce; March 18

H.R. 1453 (ASC), to amend title XVIII of the Social Security Act to modernize payments for ambulatory surgical centers under the Medicare program, and for other purposes; NUNES; jointly, to the committees on Energy and Commerce and Ways and Means; March 18

H.R. 1455 (FDA), to require the Food and Drug Administration to expedite review of pharmaceuticals that are approved for marketing in the European Union; STIVERS; to the Committee on Energy and Commerce; March 18

S. 768 (SPEECH GENERATING DEVICES), to amend title XVIII of the Social Security Act to provide Medicare beneficiary access to eye tracking accessories for speech generating devices and to remove the rental cap for durable medical equipment under the Medicare Program with respect to speech generating devices; VITTER; to the Committee on Finance; March 18

S. 775 (INSURANCE), to amend the Public Health Service Act, the Employee Retirement Income Security Act of 1974, and the Internal Revenue Code of 1986 to exclude from the definition of health insurance coverage certain medical stop-loss insurance obtained by certain plan sponsors of group health plans; CASSIDY; to the Committee on Health, Education, Labor, and Pensions; March 18

S. 776 (PART D), to amend title XVIII of the Social Security Act to improve access to medication therapy management under part D of the Medicare program; ROBERTS; to the Committee on Finance; March 18

H.R. 1458 (POST-ACUTE CARE), to amend title XVIII of the Social Security Act to provide bundled payments for post-acute care services under parts A and B of Medicare, and for other purposes; MCKINLEY; jointly, to the committees on Ways and Means and Energy and Commerce; March 19

Health Legislation Recently Introduced cont.

H.R. 1462 (OPIOID ABUSE), to combat the rise of prenatal opioid abuse and neonatal abstinence syndrome; CLARK; to the Committee on Energy and Commerce; March 19

H.R. 1468 (BRAIN HEALTH), to galvanize United States Government programs in support of brain health for global victims of autism, hydrocephalus and Alzheimer's and other forms of dementia, and for other purposes; SMITH; jointly, to the committees on Foreign Affairs and Energy and Commerce; March 19

H.R. 1469 (NIH); to improve, coordinate, and enhance rehabilitation research at the National Institutes of Health; LANGEVIN; to the Committee on Energy and Commerce; March 19

H.R. 1470 (SGR), to amend title XVIII of the Social Security Act to repeal the Medicare sustainable growth rate and improve Medicare payments for physicians and other professionals, and for other purposes; BURGESS; jointly, to the committees on Energy and Commerce, Ways and Means, and the Judiciary; March 19

H.R. 1479 (HOSPITAL WAGE INDEX), to amend title XVIII of the Social Security Act to apply budget neutrality on a State-specific basis in the calculation of the Medicare hospital wage index floor for non-rural areas; BRADY; to the Committee on Ways and Means; March 19

H.R. 1494 (HSA), to amend the Internal Revenue Code of 1986 to permit rollovers from retirement plans to health savings accounts; FORTENBERRY; to the Committee on Ways and Means; March 19

H.R. 1496 (VA), to amend title 38, United States Code, to improve the access to child care for certain veterans receiving health care at a facility of the Department of Veterans Affairs; HIGGINS; to the Committee on Veterans' Affairs; March 19

H.R. 1499 (PHYSICAL ACTIVITY), to provide for the publication by the Secretary of Health and Human Services of physical activity recommendations for Americans; KIND; to the Committee on Energy and Commerce; March 19

H.R. 1500 (TRICARE), to ensure that certain TRICARE program beneficiaries may enroll in TRICARE Prime regardless of the location of their residence; KLINE; to the Committee on Armed Services; March 19

H.R. 1502 (PRIMARY CARE), to amend title XIX of the Social Security Act to extend for 5 years payment parity with Medicare for primary care services furnished under the Medicaid program, and for other purposes; LEWIS; to the Committee on Energy and Commerce; March 19

H.R. 1516 (REHABILITATION), to amend title XVIII of the Social Security Act to provide for coverage and payment for complex rehabilitation technology items under the Medicare program, and for other purposes; SENSENBRENNER; jointly, to the committees on Energy and Commerce and Ways and Means; March 19

H.R. 1520 (TRUST FUND), to amend titles II and XVIII of the Social Security Act to establish a Social Security Surplus Protection Account in the Federal Old-Age and Survivors Insurance Trust Fund to hold the Social Security surplus and a Medicare Surplus Protection Account in the Federal Hospital Insurance Trust Fund to hold the Medicare surplus, to provide for suspension of investment of amounts held in such Accounts until enactment of legislation providing for investment of the Trust Funds in investment vehicles other than obligations of the United States, and to establish a Social Security and Medicare Part A Investment Commission to make recommendations for alternative forms of investment of the Social Security and Medicare surpluses; WALBERG; to the Committee on Ways and Means; March 19

S. 799 (OPIOID ABUSE), to combat the rise of prenatal opioid abuse and neonatal abstinence syndrome; MCCONNELL; to the Committee on Health, Education, Labor, and Pensions; March 19

Health Legislation Recently Introduced cont.

S. 800 (NIH), to improve, coordinate, and enhance rehabilitation research at the National Institutes of Health; KIRK; to the Committee on Health, Education, Labor, and Pensions; March 19

S. 804 (GLUCOSE MONITORING), to amend title XVIII of the Social Security Act to specify coverage of continuous glucose monitoring devices, and for other purposes; COLLINS; to the Committee on Finance; March 19

S. 810 (SGR), to amend title XVIII of the Social Security Act to repeal the Medicare sustainable growth rate and improve Medicare payments for physicians and other professionals, and for other purposes; HATCH; to the Committee on Finance; March 19