



Advocacy

ADVISORY

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HOT TOPICS FOR ADVOCACY IN THIS ISSUE

THIS ISSUE of the Advocacy Advisory will focus on topics of current interest within the 110th Congress – including an examination of the outlook for health care issues:

- 1) The State Children's Health Insurance Program (SCHIP) might be the most important piece of legislation to be addressed this year. SCHIP requires re-authorization during this congressional session. Unless Congress changes the budget baseline rules for SCHIP, funding will remain frozen at FY2007 levels for the long term. President Bush included a freeze in his proposed budget. Many states that were looking at increasing their coverage to more children are putting their programs on hold until additional funding is assured. In addition to the funding issue, many of the children who are eligible for coverage under SCHIP in many states did not get enrolled. Remediating this situation requires additional hearings and most likely, additional funding. There has been a recent proposal of using a tobacco tax to cover the increased expenditures expected.
- 2) The Medicare drug program is also on the table for discussion – some lawmakers believe that Medicare needs to be able to negotiate with drug manufacturers for best prices, but others believe that the best prices are available now and the introduction of formularies would work to increase costs. Most agree that there should be a move in the program to the use of generics. This issue was center-stage in Washington this past week as Republican lawmakers blocked a bill that would have permitted the federal government to negotiate Medicare drug prices.
- 3) Reimbursement rates for physicians are an important issue. The primary concern involves the annual effect of the Sustainable Growth Rate (SGR). Many on Capitol Hill believe this must be dealt with a long term manner rather than addressing the 5-6% deficits required under the SGR each year.
- 4) Health Information Technology – Congress is looking for a funding mechanism for hospitals and physicians to purchase HIT necessary to track quality measures, support electronic health records, and collect data that will be useful in determining new quality measures as time goes on.

The CHRISTUS position is consistent that federal health care dollars must be preserved in programs such as Medicare and Medicaid, as both of these programs these serve a vital function as part of the health care safety net for the uninsured and underserved population. Also under scrutiny at the federal level at this time are funding for stem cell research and right-to-life issues.

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HEALTH CARE FUNDING PUT ON HOLD WITH ARGUING OVER IRAQ

As congressional Democrats and the White House wrestle over the funding and conduct of the Iraq war, state governors and low-income children could be left in the lurch waiting for money to maintain the Children's Health Insurance Program. As many as 14 states are projected to run out of federal funds for their State Children's Health Insurance Programs (SCHIP) before the end of the current fiscal year on Sept. 30. Congress has agreed to set aside hundreds of millions of dollars to bail out these states, but the funding is included in the supplemental appropriations bill for the conflicts in Iraq and Afghanistan. Absent these funds, states will be left to their own devices to prevent children from being thrown off the benefit rolls. Last week, President Bush vetoed the first version of the supplemental bill passed by Congress, objecting to the Democrats' attempts to tie the funds to changes in his war policy. That bill would have allocated \$750 million to fill the projected near-term SCHIP shortfalls.

On Tuesday of this past week, the National Governors Association (NGA) delivered to congressional leaders a letter emphasizing the importance of these SCHIP appropriations to the states. "We write to urge you to take whatever action necessary to ensure that a bipartisan funding proposal that protects those currently served by the program gets enacted quickly," the governors wrote, adding that they want to see the SCHIP allocation signed into law before Memorial Day, May 28. NGA Chairwoman and Arizona Gov. Janet Napolitano (D), NGA Vice Chairman and Minnesota Gov. Tim Pawlenty (R), New Jersey Gov. Jon Corzine (D) and Vermont Gov. Jim Douglas (R) signed the letter. Minnesota and New Jersey are among the states that could run out of SCHIP money this year, according to the Kaiser Commission on Medicaid and the Uninsured. The latest version of the supplemental appropriations measure, which was headed toward votes in Congress at the end of this week, would provide \$650 million for SCHIP, \$100 million less than the first Iraq bill.

A House Appropriations Committee spokeswoman said that the Department of Health and Human Services (HHS) had reevaluated how much the shortfalls would cost the federal government. HHS also estimates that only 11 states face shortfalls. The Congressional Budget Office concurred with HHS's analysis, leading the committee to dial down its appropriation, the panel's spokeswoman said.

President Bush already has indicated that he would veto the new version of the Iraq bill. States have been angling for additional federal money since last year. They contend that without these dollars, some governors would be forced to take steps such as restricting enrollment in their SCHIP programs, which provide healthcare benefits to low-income children and some adults. In the meantime, Congress has also begun the work of drafting a five-year, \$50 billion reauthorization and expansion of SCHIP. The entire program also expires at the end of the fiscal year. Democratic leaders in both chambers have identified SCHIP reauthorization as one of their primary domestic policy issues for 2007.

Source: The Hill, 5/11/07.

DEMOCRATIC BUDGET PLAN TAKES SHAPE

A Democratic budget blueprint taking shape in House-Senate talks would balance the federal ledger within five years, promising higher spending but also expiration of many of the tax cuts passed in President Bush's first term. Negotiators formally opened talks at the end of this week, but Democrats have been meeting privately for weeks. They hope to have a compromise ready for House and Senate votes next week. The emerging plan would award generous spending increases next year to both the Pentagon and domestic agencies, but puts off difficult decisions about unsustainable growth in federal benefit programs such as Medicare. The most immediate impact of the budget resolution would be to pave the way for debate on the 12 annual bills funding the budgets of Cabinet agencies such as Defense, Education and Agriculture -- and a big battle between Democrats and Bush over how much to boost funding for domestic programs. The measure would also restore a "pay-as-you-go" rule that requires tax cuts or spending increases in benefits programs such as Medicare, children's health care or farm subsidies to be financed by spending cuts or tax increases elsewhere so as to not worsen the deficit.

The budget plan is not binding but sets goals for subsequent tax and spending bills. It makes a statement about the priorities of majority Democrats and provides an early test of the party's ability to prove it can govern. Republicans said Democrats managed to project a balanced budget in 2012 only by assuming tax rates on income, dividends and capital gains revert to pre-Bush levels, costing taxpayers more than \$200 billion in just 2011-2012. But tax cuts aimed at the middle class could be renewed under the compromise, including provisions establishing a 10 percent rate on the first \$12,000 of a couple's income, as well as relief for married couples, people with children and those inheriting large estates. As a practical matter, however, the future of the Bush tax cuts will likely be decided after the 2008 presidential election, with their fate depending on the balance of power after the election and on the fiscal outlook at that time.

Democrats said the emerging plan would bring to an end a steady string of deficits, saying about \$1.8 trillion in tax cuts passed in 2001 and 2003 had helped make disappear surpluses inherited by President Bush in 2001. "We cannot reverse in a year the fiscal course of the last six years, but we can stop digging deeper," said House Budget Committee Chairman John Spratt Jr. (D-SC). But Republicans said those same tax cuts had helped revive the economy, producing tax revenue growth of 11 percent this year alone. "The tax relief we passed in 2001 and 2003 has turned this economy around," said Rep. Paul Ryan, (R-WI), at this Thursday's negotiating session. In many years, Congress leaves alone difficult budget issues and focuses chiefly on annual spending bills. This is likely to be one of those years. Democrats are poised to award the Pentagon a \$50 billion budget hike for core Pentagon programs, a more than 11 percent increase, and allocate \$145 billion for the wars in Iraq and Afghanistan. Democrats are on track to award domestic agencies increases of about \$23 billion, or about 5 percent to domestic agencies, with big increases going to education programs and veterans medical care.

Source: The Associated Press, 5/10/07.

IMMIGRATION BILL IN PERIL

Efforts to reach an immigration compromise faltered this week as Democrats and Republicans staked out divergent positions and prepared to blame each other for scuttling the best chance for a broad overhaul this year. Talks continued on a possible deal that would tie residency for millions of illegal immigrants to tougher border security and a crackdown on employing undocumented workers. At the same time, however, Republicans and Democrats set the stage for a partisan battle next week that could squash any agreement. Democrats plan to force a debate starting early next week on last year's Senate-passed immigration measure. Most Democrats supported that plan, which a majority of Republican senators opposed. The move is designed to pressure Republicans to cut a deal or risk being blamed for undermining one. President Bush is "going to have to tell his Republicans, 'I want a bill,'" said Senate Majority Leader Harry Reid (D-NV). "If we lose this opportunity to do immigration reform, (Bush) can't go around the country saying, 'I believe in comprehensive immigration reform.'"

GOP senators are promising to block the move, saying the series of secretive talks attended by the White House and a few Democrats needed more time to yield a compromise. "It would be a shame if that arbitrary deadline resulted in the process coming to a halt," said Sen. Jon Kyl (R-AZ), the No. 3 GOP leader. The developing impasse could prevent the Senate from even opening debate next week on reshaping immigration laws. The issue is fraught with political risks and rewards for both parties and is a priority for Bush. Absent a bipartisan deal, Democrats would almost certainly be unable to get the 60 votes they would need to overcome GOP opposition and bring up the bill, which was to be considered over the next two weeks. Bush will continue to speak in favor of comprehensive changes in immigration policy and urge Congress to enact legislation he can sign into law this year, White House spokesman Scott Stanzel said in a statement. "Top members of his staff and Cabinet meet almost daily with senators from both parties to work out the details of a comprehensive immigration reform package that will attract broad bipartisan support," Stanzel said.

For some lawmakers, their appetite for a bargain is waning. The GOP position has "moved far to the right" since last year, said Sen. Robert Menendez (D-NJ), who has attended the talks. "We have serious concerns about the workability and fairness of certain elements of the White House plan," Menendez added. He said the GOP proposal was "a huge step backward" from the 2006 measure, which 23 Republicans supported. Talks have bogged down in a tangle of details. That has led officials in both parties to play down the chances for a breakthrough. Publicly, Republicans remained positive about the prospects of a compromise, likely reluctant to be seen as obstacles to achieving an item that polls show has broad support. "I think it's pretty clear that the vast majority of Republicans want an immigration bill," said Minority Leader Mitch McConnell (R-KY). Sen. Richard Durbin (D-IL), said Democrats are concerned the emerging bipartisan measure is going too far to placate GOP conservatives at the risk of alienating Democrats.

Republicans, many of whom considered last year's measure unduly lenient toward illegal immigrants, said they were bent on supporting the new approach under discussion in the bipartisan talks. Modeled after a White House draft circulated in late March, it would impose large fines, long waits and trips home on illegal immigrants seeking to gain legal status. It would shift the immigration system toward one based more heavily on skills and employment criteria, eliminating or curtailing opportunities for immigrants to bring their families to the U.S. The negotiations have been extraordinarily sensitive for both sides. Democrats are wary of committing to anything stricter than last year's bill. Republicans are concerned about embracing anything that gives illegal immigrants a chance at citizenship — decried by conservatives as "amnesty."

Source: Newswire, 5/11/07.

LEAVITT SEES CORNERSTONE INITIATIVE ENDURING

HHS Secretary Mike Leavitt has announced that his four-pronged plan to improve healthcare quality while driving down costs would outlast the current administration and thrive well into the next, primarily because of burgeoning public and private support. Leavitt has staked his reform agenda on four so-called "cornerstones of a value-driven healthcare system," which include:

- the use of electronic health records
- the ability of health care consumers to compare quality and cost, and
- incentives for those who combine all three of these "cornerstones."

The secretary's comments came after a panel discussion in Washington that featured government and private-sector leaders, including the chief executive officers of the five top insurers in the U.S.—and the two trade associations that represent them—who have signed on to Leavitt's healthcare plan.

In less than a year's time, the Value-Driven Health Care Initiative has come to include federal and state governments, close to 775 employers, and several labor, physician and hospital groups. More than 100 million Americans are now served by health plans committed to the initiative.

"We are organizing the healthcare market to achieve better quality healthcare, at lower cost, for all Americans," Leavitt said. "That is the definition of value."

Source: Modern Healthcare, 5/9/07.

SENATE COMMITTEE EXAMINES MEDICARE DRUG PROGRAM

Although the prescription drug program for seniors has improved dramatically since it began in early 2006, significant problems remain that must be solved, patient advocates and officials testified at a pair of hearings. Senate Finance Committee hearings for the past two weeks have examined the confusion that seniors face in choosing drug plans and abusive marketing tactics used by the plans. They also looked at delayed payments to pharmacists and glitches in withholding the correct amounts for drug plan premiums from Social Security checks. "We understand that we still have a long way to go," testified Abby Block, director of the Center for Beneficiary Choices at the Centers for Medicare and Medicaid Services. Finance Chairman Sen. Max Baucus, D-Mont., questioned Block over the type of discipline CMS uses against plans for marketing and other potential abuses. Block said the agency has taken "hundreds and hundreds" of disciplinary actions against drug plans, ranging from the most common warning letters to civil monetary penalties to establishing corrective action plans. "I just don't get the feeling that CMS is rigorously protecting seniors," Baucus said. "I don't get that feeling at all. ... There's a very deep sense that CMS is not sufficiently scrutinizing private plans that get a pretty big bump in income in reimbursement." Baucus added that "there's basically renegade plans" and that CMS needs to do more about them. Block said the agency is doing all it can and will continue with audits and other oversight.

"People out in the field don't think it's working," Baucus told her. "You may in D.C. think it's working, but people on the ground don't think it's working. ... Seniors don't know about the exception to the formulary." All sides at the hearing agreed that there have been problems withholding the correct amounts for premiums from some seniors' Social Security checks. The hearing also examined how to reach more seniors who are eligible for a low-income subsidy but may not know it. Witnesses also said that people eligible for both Medicare and Medicaid are automatically and randomly assigned to a drug plan.

Source: The Associated Press, 5/9/07.

Of Physician Interest

NEW BILL WOULD REQUIRE CLARITY IN PHYSICIAN ADVERTISING

This week's introduction of bipartisan legislation that would make it unlawful for health care providers to misrepresent their qualifications to patients was applauded by the American Medical Association and physician specialty societies. "It's important that patients know the qualifications of the health care professional caring for them," said AMA Board Member William Hazel, Jr., M.D. "The AMA and its medical specialty partners applaud Reps. John Sullivan and Jim McDermott for introducing legislation that protects patients by strengthening the Federal Trade Commission's authority to challenge misleading marketing by non-physician medical providers." Joining the AMA in public support of the Health Care Truth and Transparency Act of 2007 (**H.R. 2260**) are the American Academy of Ophthalmology, American Academy of Otolaryngology – Head and Neck Surgery, American Psychiatric Association, American Society of Anesthesiologists, American Osteopathic Association, American College of Surgeons, American Academy of Orthopaedic Surgeons and the American Society of Plastic Surgeons. Public confusion about the qualifications of various types of health care providers has led to the need for legislation that requires non-physicians to clearly state their professional credentials in advertisements. A nationwide survey found that more than 70 percent think a podiatrist and optometrist are medical doctors. More than 50 percent think chiropractors and psychologists are medical doctors.

Source: The American Medical Association, 5/10/07.

Of Regional Interest

LOUISIANA

Health Care Bill Goes to the Senate. A Senate panel signed off this past Wednesday on an outline for restructuring health care in Louisiana. State health care and legislative leaders said a lot of work is left to put together the “medical networks of care” and the financing plan that will make the system work, but progress is being made, said state Department of Health and Hospitals Secretary Fred Cerise. The Senate Health and Welfare Committee approved **Senate Bill 1** — the health care revamp — sending it to the full Senate for debate. SB1 by Sen. Joe McPherson, D-Woodworth, would implement many of the concepts agreed upon by a wide array of health-care interests as the state worked on a universal health-care plan. Some of its features must gain federal approval before being implemented.

The state nixed a universal health insurance plan pushed by U.S. Health and Human Services Secretary Michael Leavitt. It would have involved using health-care dollars to purchase private insurance. State officials said Leavitt’s plan would have left more than half of the state’s uninsured without access to health care. McPherson’s bill is the state response. Under the proposed law, the state would oversee managed care networks that public and private health-care providers would put together. Formal networks of physicians, specialists and hospitals would see to the health needs of the poor and uninsured. Primary care physicians would provide medical homes. They would act as the gatekeepers and refer patients to specialists and hospitals as needed. Those participating in the networks would have to agree to meet certain standards of medical care that are proven to improve health of patients and reduce costs. They would also have to participate in an electronic medical records program.

McPherson said federal rules act as stumbling blocks to improving health-care delivery. He said one prevents Louisiana from being able to use federal dollars to pay physicians who care for the uninsured in primary care settings. “It’s their rules that make us access (uninsured) funds through the hospital,” said McPherson. He said that runs contrary to a good system of health care, which tries to keep people out of hospitals. Cerise said DHH is still working with Leavitt’s agency on health-care redesign even though state and federal officials could not agree on the universal insurance plan. Federal funds cover 70 percent of the costs of caring for the poor and uninsured so Leavitt’s agency has a financial stake in decisions. The federal Center for Medicare and Medicaid Services must approve such things as the idea of piloting the “medical home” model in the New Orleans and Lake Charles areas because it deviates from the current health care delivery system.

Source: The Advocate, 5/10/07.

TEXAS

Funding Expected to Fall Short for CHIP. Political infighting and a looming presidential race are complicating efforts in Washington to reauthorize the State Children's Health Insurance Program, which is set to expire later this year, a prominent health policy analyst said. "This is going to be a game of chicken between the states and the feds, and between the Republicans and the Democrats," said Emily Friedman, a Chicago-based author and analyst on health policy and ethics. "I think it's highly unfortunate. You'd think at least children could be spared." Texas has a lot at stake, Friedman said in an interview before a speech Thursday night at CHRISTUS Santa Rosa Children's Hospital. Young Hispanics, who represent its fastest growing segment, are the most likely to be uninsured. "It's a very large state with a large population, so its numbers are bigger. If you look at uninsured people in Maine, it's about 13 percent. That's 130,000. In Texas you're talking millions." Meanwhile, states have tried to address the growing problem of the uninsured through SCHIP, seeking federal waivers or using their own money to cover children at higher income levels, or to add the parents of those children. As a result, several states are running out of money. Georgia has stopped enrolling new children in the program. "SCHIP is going to be reauthorized. Nobody in Congress with an election coming up next year is going to be accused of killing children," Friedman said, adding that the only question is, "is it going to receive adequate funding?" In Texas, budget cuts to the program four years ago resulted in an enrollment drop from 500,000 to just

over 300,000. A bill under consideration would add 100,000 children to the program at a cost of \$78 million over two years.

Source: San Antonio Express News, 5/10/07.

UTAH

Advocates Offer Radical Plan for Utah Health Care. Advocates behind a radical health-care proposal for Utah admit it will never be adopted. After all, it calls for buying out for-profit insurance companies and hospitals, and consolidating them with nonprofits under one organization to create universal health care. But the Utah Health Policy Project hopes their call for a statewide health insurance plan that would cover all Utahns for "medically-necessary services" will be a starting point, as policy makers grapple with fixing a sick health care system. "We're articulating the ideal," said Judi Hilman, executive director of the Utah Health Policy Project, which advocates for the un- and under-insured. "We want people to wrestle with it and make it better, make it more realistic. We need something bold or we're not going to have a health-care system anymore." The goal is to address the rising health-care costs that are crippling Utah's small businesses and families, and to help reduce the growing ranks of the uninsured. The plan notes that Americans spend more per capita on health costs than other first-world nations, but its quality of care ranks the lowest. The report blames bureaucracy and insurance industry profits for the rising costs.

Utah small businesses, which dominate the economy, have responded by passing on higher premiums to their workers, or reducing or eliminating benefits. By some estimates, Utah's uninsured rate is higher than the national average. Hilman's group says universal coverage could be achieved without more money. Instead of paying premiums, Utahns and businesses would be taxed. That money, along with federal subsidies, would be managed by one nonprofit entity like the cooperative, which would also decide which medical services and prescriptions would be covered and how much doctors and hospitals would be paid.

Source: Salt Lake City Tribune, 5/1/07.

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