The Legislative Bulletin

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House Appropriations Committee Passes SFY 2010 Budget, Rejects Administration's Proposed Eight Percent Physician Medicaid Reimbursement Cuts

Loan repayment, Area Health Education Centers and academic detailing level funded, proposed tobacco control funding cut reduced.

On Monday the House Appropriations Committee voted out the State Fiscal Year (SFY) 2010 budget on a divided vote of seven to four, with the committee's four Republican members voting against the budget.

Medicaid Reimbursement for Physicians Level Funded for SFY 2010

The committee maintained level funding for physicians and did not accept the 8-percent reduction in physician Medicaid reimbursement proposed by the administration. VMS feels that this was a very important and difficult step for the committee to take given the extremely difficult budget year. The committee's action demonstrates their appreciation of the fragile health care delivery system and their commitment to doing their best to maintain the health care professional workforce in Vermont. And according to comments made by committee members to VMS staff, the committee also wanted to demonstrate that the state's publicly funded health care system could be a responsible payer.

The governor's proposed budget reduces Medicaid reimbursement for physicians in three areas by a total of $6.6 million. The administration proposed a 4-percent cut for physician reimbursement for all non-evaluation and management procedures, a reduction from $5 to $2.50 in primary care case management fees and a reduction to Medicaid level reimbursement for Medicaid patients who are also eligible for Medicare.

VMS aggressively opposes these cuts as it believes they would force physicians to limit the number of Medicaid patients in their practices simply in order to stay in business, thereby forcing patients to access more expensive forms of health care such as emergency room visits.

The committee's rejection of the administration's proposed cuts illustrates the impact of VMS's advocacy efforts on this issue, which were dramatically helped by the many VMS members who made calls and sent letters to committee members. Other beneficial ways VMS impacted the debate included VMS President Dr. John Brumsted's testimony before the House Health Care Committee and VMS Executive Vice President Paul Harrington's testimony before the House Appropriation and Health Care committees. Additionally, VMS staff met several times with committee chairs and vice chairs.

Loan Repayment, AHECs and Academic Detailing Level Funded

The House Appropriations Committee also level funded the Area Health Education Centers program at the UVM College of Medicine at the SFY 2009 level of $500,000. The committee funded loan repayment at $1,295,000, whereas the administration had proposed to reduce loan repayment 50 percent to $797,500. Loan repayment for primary care practitioners defined as including family practice, internal medicine, pediatrics, obstetrics/gynecology, and psychiatry would be level funded at $700,000. The state loan repayment program is now the only source of loan repayment funding for physicians in Vermont.

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Federal Health Care Reform Update: Budget Committees Approve FY 2010 Congressional Budget Resolution

The U.S. House and Senate Budget Committees approved their versions of the FY 2010 Congressional Budget Resolution on March 25 and 26, respectively. The Budget Resolution lays out a five-year congressional plan for taxes and spending. The House Budget Resolution contains provisions that would facilitate passage of legislation to replace the flawed sustainable growth rate (SGR) formula. Specifically, it would provide budgetary protection for legislation holding the view that the current Medicare physician spending budget baseline, which assumes payment cuts totaling 40 percent over the several years, is unrealistic. Congress will still have to enact additional legislation to replace SGR. The House Budget Resolution also includes a provision known as a "budget neutral reserve fund" that represents support for health system reform legislation. Of note, it would require the costs of health system reform to be fully offset by other spending cuts or revenue increases.

Additionally, the resolution contains budget reconciliation instructions that would require both the Committee on Ways and Means and the Committee on Energy and Commerce to report legislation by September 29 that produces savings of $1 billion over five years. These savings could be used to advance health system reform legislation. Reconciliation bills are not subject to a Senate filibuster and need only 51 votes for passage.

The Senate version of the Budget Resolution contains a budget-neutral reserve fund to avert projected Medicare physician payment cuts. However, it does not provide funding to stop the cuts or provide budgetary protection to legislation that would replace SGR. The Senate resolution also contains a budget neutral reserve fund for health system reform legislation.

The full House and Senate will consider their respective versions of the Congressional Budget Resolution during the week of March 30. After Easter recess, the House and Senate will work to reconcile differences on the resolution and seek joint agreement.

AMA, VMS and other physician organizations support the provisions in the House Budget Resolution that will create a pathway to permanent reform of the Medicare physician payment system and will work to insure that these provisions are included in the final version of the FY 2010 Congressional Budget Resolution.

HIT Coordinator Appointed

David Blumenthal, MD, has been named coordinator of the Office of the National Coordinator for Health Information Technology (ONCHIT), which was authorized by the economic stimulus legislation signed into law last month. Dr. Blumenthal most recently served as director of the Institute for Health Policy at the Massachusetts General Hospital/Partners HealthCare System. The HIT components of the stimulus package – collectively labeled HITECH in the law – reflect a shared conviction among the Obama administration and Congress that electronic information systems are essential to improving the health and health care of Americans.

ONCHIT's principal mission is to develop and implement policies and programs that will establish a national and interoperable HIT infrastructure. In a March 25, 2009, New England Journal of Medicine article entitled "Stimulating the Adoption of Health Information Technology," Dr. Bluenthal described ONCHIT as a leadership structure to guide federal HIT policy. One of the national coordinator's first responsibilities will be to create a strategic plan for a nationwide interoperable health information system, a plan that must be updated annually. Two committees will advise the coordinator: a Health Information Policy Committee and a Health Information Standards Committee.

From the standpoint of physicians, the legislation's most important provision may be $17 billion in financial incentives intended to get doctors and hospitals to adopt and use electronic health records (EHR). Starting in 2011, physicians can receive extra Medicare payments for the "meaningful use" of a "certified" EHR that exchanges data with other parts of the health care system. These payments can total as much as $18,000 in the first year in the case of physicians who adopt in 2011 or 2012, with at least $15,000 for physicians who adopt in 2013 and a slightly lower amount for those who do so in 2014. Thus, physicians demonstrating meaningful use starting in 2011 could collect $44,000 over 5 years. Waiting until 2013 would result in a maximum bonus of $27,000 over 3 years. Experts estimate the cost of purchasing, installing, and implementing an electronic-records system in a medical office at approximately $40,000. Penalties for practices who do not implement EHRs will be assessed, beginning with a one-percent reduction in the Medicare fee schedule in 2015, and subsequent reductions of two percent in 2016 and three percent in 2017 and thereafter.

Health Reform Dialogue Group Reaches Consensus

For the past six months, the AMA, ACP and AARP has been participating with other national health system stakeholder organizations in a Health Reform Dialogue process in an effort to identify common ground among health care providers, employers, consumers, insurers, public health professionals, and others on key issues that

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Palliative Care and Pain Management Bill Approved by House with Amended Bill of Rights and CME Provisions

Before Friday's final reading of H. 435, the Pain and Palliative Care bill, Representative Norm McAllister of Franklin introduced a two-part amendment on the House floor.

The first part amended the Bill of Rights section to create a right for admitted patients to be informed of physicians practicing at the hospital who have received training in palliative care and pain management in the last five years. The same section also requires the Department of Health to develop and actively maintain a list of the state's licensed physicians who've had training in palliative care and pain management, and make that list publicly available to patients by posting it on its Web site. While this portion of the amendment was adopted by the House of Representatives, a second part was not.

McAllister's second provision would have required physicians, as a condition of license renewal every two years, to completed a minimum of four hours of continuing medical education approved by the Vermont Board of Medical Practice by rule in the fields of palliative care, pain management or both. On the floor, Representative George Till, MD spoke against this provision and after some additional floor discussion, Representative McAllister withdrew this part of the amendment.

Now that H. 435 has passed the House, it will be taken up in the Senate Health and Welfare Committee.

Sen. Racine, Rep. Maier to Discuss Health Care Reform at VMS Council Meeting

Continuing its ongoing health care reform conversation with Vermont's political leaders, VMS will host Senate Health and Welfare Committee Chairman Doug Racine and House Health Care Committee Chairman Steven Maier at its Council meeting this Saturday in Waterbury.

The roundtable discussion with two of the legislature's most influential members will give physicians the opportunity to discuss the problems with our current health care system and to seek consensus on steps to improve it.

The quarterly council meeting will also include: a report by VMS President John Brumsted, M.D., on his recent meetings in Washington, D.C., with Senators Patrick Leahy and Bernie Sanders, and Representative Peter Welch; VMS staff updates on legislative activity in the statehouse; and, a financial update by VMS Treasurer Howard Shapiro, M.D.

Council meetings are open to all VMS members. If interested in attending, please contact Stephanie Winters at 223-7898 or *swinters@vtmd.org*. The meeting will be this Saturday (4/4) from 10 a.m. to 12 p.m. at the Best Western Hotel, Waterbury, located just off Exit 10 on I-89.

House Appropriations Committee Passes SFY 2010 Budget

(cont'd from page 1) The committee also funded the academic detailing program operated by the Office of Primary Care at the UVM College of Medicine at $100,000. This state funding is intended to support the program while a federal court case reviews the constitutionality of a 0.5-percent fee assessed by the state legislature in 2007 on pharmaceutical manufacturers who participate in Medicaid. The case was argued in late July, and the trial court has not yet issued its decision. The administration had not included funding for this program in its budget.

VMS worked closely with UVM Office of Primary Care and AHECs to ensure that the committee understood the importance of these programs and given the current budgetary environment was very pleased to be able to achieve level funding for these important initiatives.

Tobacco Control Program Funding
The committee reduced the cut to the tobacco control programs from the 50-percent reduction, or $1.9 million, proposed by the administration to a $650,000 reduction in the Department of Health's portion of the tobacco control program funding, bringing the health department's total tobacco appropriation to $3,189,634. The Department of Health and the Tobacco Evaluation and Review Board will also be authorized to allocate the tobacco program funding to various programs. In previous budgets the allocation to various components of the program, such as community coalitions, media and public education, cessation, provider education, and surveillance and evaluation, had been specified in statutory language.

The committee's budget relies on $162 million of the federal stimulus funding and also assumes $24 million in new revenue from increases in taxes or fees. The Ways and Means Committee has not finalized the $24 million revenue increase, but the speaker asked the committee to keep the legislature on schedule by passing the budget first and preparing a list of possible cuts in case the tax does not pass, something the speaker does not expect to happen.

Federal Health Care Reform Update

(cont'd from page 2) need to be addressed in the context of health system reform. The groups jointly released a report on March 27 entitled "A Dialogue on U.S. Health Reform," which represents their consensus on steps that can be taken to reach the broad goals of increasing coverage and access, strengthening wellness and prevention, and ensuring quality and value.

In order to ensure coverage for all, the group advocates for strengthening public safety-net programs for low-income families, making private health coverage more affordable and providing fair and adequate reimbursement for care.

To do so, they recommend:

- Setting standards for additional federal Medicaid funding during economic downturns;
- Giving individuals eligible for Medicaid and CHIP the option to utilize those dollars to purchase employer-sponsored insurance, so long as full Medicaid or CHIP wrap-around coverage is available;
- Providing advanceable, refundable tax credits or other subsidies on a sliding scale for individuals and families to purchase adequate and affordable coverage, which includes effective preventive services;
- Providing additional assistance for out-of-pocket costs to low-income people and families;
- Providing subsidies for small businesses to provide health insurance for their employees;
- Providing a fair and transparent marketplace for purchasing insurance regardless of health status, age or other factors;
- Enacting reforms necessary so that all individuals will purchase or obtain quality, affordable health insurance; and,
- Ensuring adequate payment to clinicians and providers by public programs to assure access to care.

For a copy of the full report, please go to: *http://www.ama-assn.org/ama1/pub/upload/mm/31/hrd-common-ground.pdf*

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