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sure that the money would not be used to support coverage decisions. The House and Senate conference report specifically stated that the research could not be used to "mandate coverage, reimbursement, or other policies for any public or private payer."

When asked what was missing from the bill, Dr. Flood lamented the lack of incentives to long-term goals, for instance, encouraging young physicians and researchers to enter the field of rheumatology.

"Since the average age of rheumatologists is about 56, one of the ACR's goals is to promote young investigators, help them develop before key mentors retire," he said. And with the rapid aging of the American population, rheumatologists' services are sure to be more in demand than ever, and this should be a priority.

"The ACR, through its Research and Education Foundation, is increasingly successful in contributing significantly to this need, but much more funding is needed," he said.

"The American government needs to do its share. It is not yet clear how the stimulus will help in these longer term pursuits.

Alicia Ault, Joyce Frieden, and Denise Napoli contributed to this story.

Health Reform Figures Large in Budget

BY MARY ELLEN SCHNEIDER

President Barack Obama has made health care a top priority in his first budget proposal by setting aside \$634 billion over the next decade to begin reforming the health care system and expanding health care coverage to all Americans.

The proposed "reserve fund" for health care would get half of its funding from new revenue and half from savings. The Obama administration wants to introduce a competitive bidding process to the Medicare Advantage program, a move estimated to save more than \$175 billion over 10 years.

The administration acknowledged that \$634 billion would not be enough to fully fund a comprehensive reform of the health care system and that administration officials would need to work with Congress to find more money.

President Obama delivered the 140page outline of his fiscal year 2010 budget proposal to Congress on Feb. 26; complete documents will be submitted to Congress in April.

Key among the reforms identified by the Obama administration is the need to change the Medicare physician payment formula. The President supports "comprehensive, but fiscally responsible" changes to the current payment system, according to the budget proposal. "The Administration believes Medicare and the country need to move toward a system in which doctors face better incentives for high-quality care rather than simply more care."

The FY 2010 budget proposal will account for the fact that payments to physicians under Medicare will not be significantly cut as called for under current law.

"President Obama's budget proposal takes a huge step forward to ensure that physicians can care for seniors by rejecting planned Medicare physician payment cuts of 40% over the next decade," American Medical Association President Dr. Nancy H. Nielsen said in a statement. "Looming widespread physician shortages coupled with aging baby boomers highlight the urgent need for permanent Medicare physician payment system reform to preserve seniors' access to health care."

America's Health Insurance Plans praised the President's commitment to health reform. However, the group criticized the proposal to make Medicare Advantage plans engage in a competitive bidding process, saying that significant cuts to Medicare Advantage would "jeopardize the health security of more than 10 million seniors" enrolled in the

program and reverse payment incentives designed to improve quality of care.

The FY 2010 budget proposal also includes \$76.8 billion in discretionary funding for the Health and Human Services department. At press time, Congress was still finishing up work on the FY 2009 budget for HHS.

The FY 2010 budget proposal for HHS includes more than \$6 billion in cancer research funding at the National Institutes of Health, on top of the \$10 billion in NIH funding that was included as part of the American Recovery and Reinvestment Act, enacted earlier this month.

The administration's budget proposal also aims to address physician shortages by spending \$330 million to expand loan repayment programs for physicians, nurses, and dentists who agree to practice in medically underserved areas.

Finally, the proposal aims to reduce drug prices by accelerating access to generic versions of biologic drugs. The administration said it would establish a regulatory, scientific and legal pathway for the creation of generic versions of biologic drugs.

The administration's fiscal year 2010 budget proposal is available at www.whitehouse.gov/omb/budget/.



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