

# Feds Focus on Fraud in FY 2011 Budget Proposal

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BY MARY ELLEN SCHNEIDER

The Obama administration wants to combat waste, fraud, and abuse in the Medicare and Medicaid programs and plans to spend more than \$500 million to do it.

As part of the administration's budget proposal for fiscal year 2011, the Health and Human Services department is proposing to invest \$561 million in discretionary funding to fight health care fraud, a \$250 million increase over FY 2010. Specifically, the department plans to expand the Health Care Fraud Prevention and Enforcement Action Team (HEAT), which brings together high-level officials at HHS and the U.S. Department of Justice to spot trends and develop new fraud prevention tools.

HHS said the new funding also would be used to minimize inappropriate payments, pinpoint potential weaknesses in program oversight, and target emerging fraud schemes. Department officials estimate that the efforts to fight fraud and abuse would save \$9.9 billion over the next decade.

HHS also expects to squeeze more savings out of the Medicare and Medicaid programs by giving more scrutiny to the provider enrollment process, increasing oversight of claims, improving the data analysis within Medicare, and reducing the overutilization of prescription drugs in Medicaid.

"This budget sends a clear message to those who commit fraud: Stop stealing from seniors and taxpayers or we'll put you behind bars," Kathleen Sebelius, HHS Secretary, said during a press conference to release the HHS budget proposal.

The FY 2011 budget proposal focuses on fraud prevention, wellness, and building the public health infrastructure. While the budget documents note that the HHS proposal lays the "groundwork" for health reform, it is a stark contrast to last year's proposal, which included a \$635 billion "reserve fund" dedicated to health reform over the next decade. With the prospect for passing comprehensive health reform legislation waning, there was a much smaller emphasis on health reform in the current budget proposal.

Ms. Sebelius said that while the current budget proposal tries to increase coverage and curb costs, it would do little to affect the overall trajectory of health care costs if it is not accompanied by health reform legislation. The FY 2011 budget aims to invest in wellness, health information technology, and compara-

tive effectiveness research, but it won't significantly alter the rise in health care costs, fill the coverage gap, or provide security to those with coverage that they can remain insured, she said.

Overall, the Obama administration is seeking \$911 billion in funding for HHS in FY 2011, an increase of \$51 billion over the current fiscal year. Since the bulk of HHS's funding is tied up in mandatory obligations including Medicare and Medicaid, the budget includes \$81 billion in discretionary program spending, an increase of \$2.3 billion over last year.

The Obama administration's budget request assumes that Congress will step in to correct the Medicare physician payment formula, known as the Sustainable

Growth Rate. At press time, physicians were scheduled to face a 21% across-the-board cut to their Medicare payments as of March 1, unless Congress passes legislation to

avert the cut. The budget proposal assumes no growth in Medicare physician payment over the next 10 years, at a cost of \$371 billion, Ms. Sebelius said.

The budget request also calls for a \$290 million investment in community health centers, bringing their funding to \$2.5 billion. The increase should allow the health centers to continue to serve the new patients they began caring for when the centers got an infusion of funding under the American Recovery and Reinvestment Act (stimulus bill) last year. HHS estimates that community health centers will be able to serve more than 20 million patients in FY 2011.

The budget request also calls for nearly \$1 billion, an increase of about \$33 million, to help shore up the health care workforce. The money will help to expand loan repayment programs for physicians, nurses, and dentists who agree to practice medically underserved areas.

The Obama administration also proposes to spend \$4 billion to fund the Food and Drug Administration, with \$1.4 billion going toward medical product safety, including drugs, devices, vaccines, and the blood supply. The funding represents an increase of \$101 million in FY 2011.

The new money would go toward import safety, high-risk products, and partnerships for patient safety. About \$40 million of that new funding is slated to go toward the generic drugs program, including new investments in postmarket drug safety and the establishment of a medical device registry. ■



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### PhRMA Chief Resigning

Billy Tauzin, the president and chief executive officer of the Pharmaceutical Research and Manufacturers of America (PhRMA), announced in February that he will leave the trade association at the end of June. Mr. Tauzin noted in a statement that he took on the PhRMA role in 2005, shortly after a battle with cancer. "As the first ever cancer patient to lead PhRMA as its CEO, I now believe it is time I move on and hand the mantle of leadership of this great organization to others as passionate as myself, and to explore the many other interests I would like to pursue in this special second-chance life that I have been given," Mr. Tauzin said. He also denied speculation that he was pushed out by PhRMA member companies unhappy with the deal that he made last year to support the Obama administration's health reform plan.

### Big Market for Neurostimulation

Kalorama Information is predicting that within 5 years, the market for electrical and magnetic neurostimulation devices for treating depression could reach \$16 billion a year. Currently, the market is limited because only one device is on the market, the vagus nerve stimulator made by Cyberonics Inc., and treatment with the device outweighs the cost of drug therapy, according to a report by the medical market research company. The analysis notes, however, that several manufacturers are developing external devices, such as Neuronetics Inc.'s repetitive TMS therapy system. Medtronic Inc., St. Jude Medical Inc., and the Boston Scientific Corp. are also looking into adapting their deep brain and spinal cord stimulators to depression treatment, Kalorama said.

### Dissolvable Tobacco Info Sought

The Food and Drug Administration's Center for Tobacco Products got right to work after its launch last August. In February, the center sent letters to several tobacco companies, asking them to submit "a comprehensive and detailed summary" of research on their dissolvable smokeless tobacco products. The products "resemble candy," according to the letters, and concerns about them include their use by people under age 26, potential misuse of the products, and accidental ingestion. The center said it wants the information to prepare for a meeting of the Tobacco Products Scientific Advisory Committee. The letters expressed concern "that children and adolescents may find dissolvable tobacco products particularly appealing, given the brightly colored packaging, candy-like appearance, and easily concealable size of many of these products."

### Depression Screening Backed

Physicians should strongly consider screening women for depression both during and after pregnancy, according to a new position statement from the American College of Obstetricians and Gynecologists. There are significant benefits to women and their families if depression is diagnosed and treated, the statement said (Obstet. Gynecol. 2010;115:394-5). ACOG estimates that 14%-23% of pregnant women experience depression symptoms and that 5%-25% of women experience postpartum depression. "With over 4 million births in the [United States] every year, we're talking about a huge number of women with postpartum depression—between 200,000 to more than 1 million each year," Dr. Gerald F. Joseph, president of ACOG, said in a statement. The ACOG statement includes information on seven depression screening tools, each taking less than 10 minutes to perform. Practices should have a referral program in place for women who have depression symptoms.

### Autism Research Gets Boost

The Obama administration is seeking \$222 million in fiscal year 2011 to expand research into autism spectrum disorders. The funding, which would be disseminated through the Health and Human Services department, would focus on detection, treatment, and other activities with the potential to improve the lives of families affected by autism. The National Institutes of Health also is putting a focus on the disorder. The agency plans to undertake a complete genome sequencing and DNA analysis of 300 autism spectrum disorder cases. Officials at NIH are also planning to launch the first epigenomic studies of brain samples from individuals with autism spectrum disorders and those without the disorder. NIH will also investigate patterns of environmental exposure during pregnancy and the perinatal period.

### IOM to Study LGBT Health Issues

The Institute of Medicine plans to review the state of science concerning the health of lesbian, gay, bisexual, and transgender (LGBT) people. An IOM committee will be charged with identifying knowledge gaps and outlining a specific research agenda for the National Institutes of Health. The committee is to examine LGBT health risks, health disparities, access to health care, and use of health care. Late last year, the Center for American Progress found in its own study that there are significant disparities when it comes to LGBT health status—for example, that lesbian, gay, and bisexual adults are twice as likely as heterosexual adults to experience psychological distress.

—Alicia Ault