

Bills to Fix Medicare Rates, Reauthorize SCHIP Likely

BY JOEL B. FINKELSTEIN
Contributing Writer

WASHINGTON — The 110th Congress is fertile ground for health care legislation, from expanding coverage to fixing physician pay, according to Capitol Hill insiders and observers speaking at a conference sponsored by AcademyHealth.

"You can feel it in the air, not just in Washington but all across the country. The season is changing," said Sen. Max Baucus (D-Mont.), chairman of the Senate Finance Committee. "The season is for real debate on health care reform. And it is long overdue."

In the last election, Democrats won new seats in the House and Senate without losing any of their own by pointing to Republicans' lack of accomplishment, said Norman J. Ornstein, Ph.D., a resident scholar at the American Enterprise Institute, a conservative think tank.

"Having run vigorously against a do-nothing Congress, Democrats... now have to show that they are the do-something Congress," said Dr. Ornstein.

There is also a sense that America's employers are more than ever ready to support health care reform, said Sen. Ron Wyden (D-Ore.).

"In 1994, the business community said, 'We can't afford health care reform.' In 2007, the business community is saying, 'We can't afford not to fix American health care,'" he said.

Democrats' first focus has been and still is on covering the uninsured, said Sen. Wyden.

"You cannot fix American health care unless you get everybody covered," he said, drawing a round of applause. "And the reason that's so important is not only is it morally the right thing to do, which it clearly is, but if you don't get everybody covered, what we all know is the costs of people who don't have coverage get passed on to people who do."

However, a Democratic congressional staffer speaking at the briefing pointed out that the tight federal budget means compromises and choices will have to be made.

"What we have done is target our efforts on children. And trying to make sure that we improve on the coverage that is there today and certainly try to find those children who would qualify for the public programs... who yet aren't enrolled," she said.

Approximately 25% of children in the United States have health coverage through either Medicaid or the State Children's Health Insurance Program (SCHIP). However, 9 million children currently have no health insurance, and two-thirds of those are actually eligible for public coverage. States have been increasing their outreach efforts, but have been stymied by shortfalls in federal matching funds for SCHIP. This year, 14 states are expected to run out of federal funds by May.

As Congress considers SCHIP reauthorization this year—its mandate ex-

pires Sept. 30—some Democrats have suggested it's time to make the program an entitlement. (SCHIP currently is funded on a pay-as-you-go basis, meaning that any increased funding must be offset by a cut somewhere else in the federal budget.)

With reauthorization also comes the chance to make other changes to the program. Republicans have suggested that states may need even more flexibility in how they spend their SCHIP funds to make them go as far as possible.

SGR Fix

Both Democrats and Republicans have expressed interest in finding a solution to decreasing physician pay under the sustainable growth rate formula. However, no one has yet to come up with a remedy that fits into the current budget outlook.

"In order to get the physicians back to zero, we're talking costs of probably approximately \$22 billion. And that isn't addressing the longer-term problem that Medicare's current payment formula is going to call for cuts for an additional 5 years beyond that," the Republican congressional staffer said.

Recent proposals to fix the SGR have ranged in cost from \$4 billion in the short-term to \$250 billion in the long term.

Refining Medicare Part D

Democrats speaking at the conference said they hope to make refinements to the Medicare Part D drug benefit, such as improvements in the low-income subsidies and a reassessment of the higher payments that Medicare Advantage plans currently receive. Several proposals have already been introduced to allow the government to negotiate drug prices.

Republicans are expected to oppose significant changes to the program.

"From our perspective this program has been wildly successful beyond any estimation that we could have made back in 2003 when we passed the Medicare Modernization Act. [In light of this], why are we talking about making fundamental changes to this program?" said the Republican congressional staffer.

Short Window for Action

While action on these and other health care issues seem likely this year, there is a short window of opportunity to complete them before election politics come into play, said Dr. Ornstein.

"The conventional wisdom is that in a presidential election year where there's an open contest in the final 2 years of a two-term president, you have about an 8-month window to move things along. That doesn't mean you have to finish everything, but... you better be pretty close to field goal range at the end of that 8 months," he said.

That seems likely to hold true this year given that, at last count, at least 26 members of Congress have announced or are considering announcing a run for the White House, Dr. Ornstein said. ■

POLICY & PRACTICE

Generic Biologics Bill

Rep. Henry Waxman (D-Calif.), Sen. Charles Schumer (D-N.Y.), and Sen. Hillary Rodham Clinton (D-N.Y.) have reintroduced the "Access to Safe Medications Act," which would require the FDA to establish a process for abbreviated approval of generic biologic drugs such as generic insulin. "Biologics treat some of the most devastating diseases around, and no one should be denied access to them because they're too expensive," Sen. Schumer said in a statement. "Our legislation will allow all Americans to take advantage of these drugs by enabling competition in the market to lower the price and ending permanent monopolies over biologic products. It is high time for these vital treatments to become more affordable." The Generic Pharmaceutical Association, which represents generic drug manufacturers, expressed "strong support" for the measure, which was first introduced last year. Critics of abbreviated approval contend that generic versions of biologic drugs are not as simple to make as other generic drugs and therefore should require more stringent approval processes than other generics, including additional clinical trials. The bill leaves it up to the Health and Human Services secretary to determine on a case-by-case basis how many additional trials will be required.

U.S. Gets Poor Marks in Prevention

Although the U.S. health care system is generally improving, providers have a long way to go in preventive care, according to the Agency for Healthcare Research and Quality. Two reports from AHRQ, the National Healthcare Quality Report and National Healthcare Disparities Report, found that, for example, only 48% of adults with diabetes received all three recommended screenings—glycosylated hemoglobin tests, foot exams, and eye exams—to prevent disease complications. AHRQ estimates about \$2.5 billion could be saved each year by eliminating hospitalizations related to diabetes complications. The reports also found that fewer than half of obese adults reported being counseled about diet by a health care professional, despite the fact that the U.S. Preventive Services Task Force recommends "intensive counseling and behavioral interventions" for obese adults. "It's encouraging to learn that overall quality continues to improve," said Dr. Carolyn M. Clancy, AHRQ director, in a statement. "At the same time, the message is clear: Much more can be done to prevent illness from occurring or progressing."

More Americans Donating Organs

The percentage of Americans agreeing to become organ donors as indicated on driver's license or donor cards is increasing, the Health Resources and Services Administration announced. A Gallup Organization survey commissioned by HRSA, which directs federal efforts to promote organ donation, found that 53% of Americans listed

themselves as donors in 2005, almost double the 28% who reported doing so in 1993. Nearly all (97%) of the 2,000 survey respondents said they would donate a family member's organs if they knew the person's wishes ahead of time. The 2005 survey also found that 71% of respondents had notified a family member about their donation wishes, up from 52% in 1993.

FDA's \$2 Billion Budget

The Bush administration is requesting \$2.1 billion for the Food and Drug Administration in fiscal 2008, a 5% increase from the previous year's request. The agency still has not received its final appropriation for fiscal 2007, so the exact amount it will receive for that year is not known yet. The budget includes \$444 million in user fees from industry, including a new program to charge generic drug makers fees to review their products. The agency estimates that generic companies will contribute \$16 million in fiscal 2008. In a statement, Generic Pharmaceutical Association CEO Kathleen Jaeger said the decision to seek user fees "will not bring generic medicines to consumers faster as long as brand companies are still permitted to use tactics that delay market entry." The budget also includes \$11 million for improving drug safety (this does not include user fee funds that will also go to that effort) and \$7 million to boost medical device safety and to speed up device review. The agency also is requesting \$13 million to move about 1,300 employees of the Center for Devices and Radiological Health to offices at the FDA's new White Oak, Md., campus. The FDA has been gradually moving its operations to the new facilities. The Washington-based consumer-, patient-, and industry-supported Coalition for a Stronger FDA said the budget did not go far enough. It is seeking at least \$175 million more, including greater increases for food, drug, and medical device safety.

More EHRs Obtain Certification

The Certification Commission for Healthcare Information Technology (CCHIT) has given its stamp of approval to 18 more electronic health record products for office-based physicians, bringing the number of certified products to 55, or about 25% of companies in the market, according to a CCHIT estimate. Among the next steps at CCHIT is the expansion of EHR certification to products that cater specifically to certain professional specialties, care settings, and patient populations. "Electronic health record companies have stepped up to the plate, ensuring that their products meet CCHIT criteria," Dr. Mark Leavitt, chairman of CCHIT, said in a statement. "The benefits of certification will increase as we continue to raise the standards of functionality, interoperability, and security." A full list of certified products is available online at www.cchit.org.

—Joyce Frieden