Federal Health Update

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EXECUTIVE AND CONGRESSIONAL NEWS

- ***The Hill* reports the Joint Chiefs of Staff sent a letter to Congress warning the combination of across-the-board cuts through sequestration and the prospect of a continuing resolution through the end of the year could cut 20 percent from the Joint Forces compared to the president's budget.**

  "The readiness of our Armed Forces is at a tipping point," the military leaders said. "We are on the brink of creating a hollow force due to an unprecedented convergence of budget conditions and legislation that could require the Department to retain more forces than requested while underfunding that force's readiness."

  In the letter sent Monday, which is marked "For Official Use Only," the Joint Chiefs lay out the issues that could arise if sequestration and the 2013 budget aren't addressed.

  "Should this looming readiness crisis be left unaddressed, we will have to ground aircraft, return ships to port, and stop driving combat vehicles in training," the generals and admirals wrote. "We will also be unable to reset and restore the force's full-spectrum combat capability after over a decade of hard fighting in Iraq and Afghanistan."

  If sequestration is not averted, which is scheduled to take effect on March 2, 2013, DoD's budget could be cut by about $45 billion in fiscal year 2013.

  To view the House Armed Service Committee Chairman's response, please read: Jan. 16 press release.

MILITARY HEALTH CARE NEWS

- **TRICARE Management Activity announced that new copayments for prescription drugs covered by TRICARE will go into effect soon.**

  The Fiscal Year 2013 National Defense Authorization Act requires TRICARE to increase copays on brand name and non-formulary medications that are not filled at military clinics or hospitals. There is no increase to copays for generic medications. Increases will be effective sometime in February, depending on when system changes can be made, and the publication of a required Federal Notice.

  TRICARE Pharmacy copays vary based on the class of drug and where beneficiaries choose to fill their prescriptions. The copay for generic medications stays at $5 when a prescription is filled at a network pharmacy. There is no co-pay when generic prescriptions are filled through TRICARE Home Delivery. The new copay for a 30-day supply of a brand name medication purchased at a retail network pharmacy will be $17, up from the current $12. Beneficiaries using TRICARE Home Delivery will pay $13 for brand name drugs, up from $9. However, the Home Delivery price is for a 90-day supply.

  The greatest change in copays applies to non-formulary medications. The $25 copay for these drugs increases to $44 at retail pharmacies and $43 through Home Delivery. The TRICARE Uniform Formulary is a list of all the medications TRICARE covers.

  For fiscal 2014 and beyond, the new law directs that copays increase annually by the same percentage as retiree cost-of-living adjustments. In years when a COLA increase would total less than a dollar, it will be delayed a year and combined with the next adjustment so increases will always be $1 or more.

  Pharmacies at military hospitals and clinics will continue to provide medications with no copays. Visit www.TRICARE.mil/costs for more details.

- ***Stars and Stripes* reports retirees are unhappy with TRICARE's new demonstration pilot in the Philippines.**

  Many beneficiaries said they were frustrated after being forced into the new health insurance system — a potential model for TRICARE services elsewhere overseas — despite many unanswered questions about getting covered care from approved providers.

  The pilot is intended to test a closed-network model on about 11,000 retired military beneficiaries in the Philippines because the system has been one of the agency's most troubled and has struggled for years with complaints of poor service, ballooning costs and fraud.

  Retirees seeking medical care this month reported confusion over what services would be covered at hospitals in the network and uncertainty among providers over filing TRICARE claims, said Ken Fournier, a retired sailor and informal representative of beneficiaries in the Philippines.

  Since Jan. 1, all retirees living in Manila, Angeles City and Subic Bay are required to use doctors and hospitals approved by the TRICARE network or pay their own medical bills. Other areas of the country are scheduled to be added into the network in 2014. After three years, TRICARE will assess whether the system will be adopted permanently —

and perhaps become a model for other retirees living overseas.

TRICARE spokesman Austin Camacho told *Stars and Stripes* there were some challenges at the start of the network but said the agency has addressed the initial confusion.

"As with any new program, there is a lot of information to understand, and Global 24 Network Services [the local Tricare contractor] has instructed approved providers to contact them if they have any questions regarding covered services, claims or any other questions related to health care delivery," Camacho wrote in an email.

TRICARE "thoroughly" trained providers by giving on-site support to the largest institutions in the network and educating providers on military insurance since last summer to prepare for the rollout, according to Camacho.

This week, agency management and contractors also held a series of public meetings with retirees in Manila, Angeles City and Subic Bay in an effort to ease frustrations and answer questions. Similar sessions were held in the Philippines in November.

- **The *Armed Forces Information Services* reported the director of Defense Centers of Excellence for Psychological Health and Traumatic Brain Injury (DCoE) shared on the military's efforts to improve mental health programs to a Pentagon task force.**

  Navy Capt. Paul S. Hammer listed accomplishments over the past year as well as areas where improvement is needed, including "streamlining functions that effectively accomplish the stated DCoE mission and vision."

  According to Hammer, the Departments of Defense and the Veterans Affairs are "collaborating to shape policies and programs with a long term impact on returning warriors, during military service and after transition to civilian life." He called for increased screening and referral of service members believed to be experiencing PTSD, and for improved access to quality care for those being treated.

  In addition, he called on DoD as well as the services to adopt strategies to better recognize PTSD among returning warriors and to step up efforts to ensure those who need treatment stick with it.

  Hammer noted that a transition is under way as support responsibility for DCoE shifts from DOD's TRICARE Management Activity to the Army Medical Research and Materiel Command under a Defense Department directive.

  The Defense Centers of Excellence for Psychological Health and Traumatic Brain Injury was established in 2007 to develop excellence in prevention, outreach and care for service members with psychological health conditions including TBI. It oversees three centers: the Defense and Veterans Brain Injury Center, the Deployment Health Clinical Center and the National Center for Telehealth and Technology.

VETERANS AFFAIRS NEWS

- **The Department of Veterans Affairs announced the nationwide transition to paperless processing of veterans' disability claims at its regional benefits processing offices is underway.**

  VA is aggressively building a strong foundation for its new electronic claims processing

system, called Veterans Benefits Management System (VBMS), expected to be a lasting solution to transform how VA eliminates the backlog in 2015.

As of December 2012, 18 VA regional offices have implemented the new system and are beginning to process newly received compensation claims in an entirely digital format. The VA is on track for full deployment of the system to the remaining 38 regional offices in 2013.

The current backlog of claims is the result of increased demand, over a decade of war with many veterans returning with severe, complex injuries, and increased outreach to veterans informing them of their benefits. Secretary Shinseki also made important decisions to recognize medical conditions related to Agent Orange service in Southeast Asia, and to simplify the process to file claims for combat PTSD. These decisions expanded access to benefits for hundreds of thousands of veterans and brought significantly more claims into the system.

VBMS was pilot-tested at select regional offices between 2010 and 2012, with improvements and greater functionality added to system software releases throughout the testing period. In pilot programs, the new system cut the time to process claims nearly in half. The most recent version of VBMS software allows VA claims representatives to:

- Establish veterans' claims entirely in a digital environment as "e-folders,"
- Receive, store, and view veterans' submitted claim documents electronically,
- Identify and track the evidence VA needs from beneficiaries and other outside sources,
- Quickly direct claims electronically among regional offices to better match VA's workload with available workforce capacity.

The system also enables VA claims processors to access online rules-based calculators and drop-down menus to enhance standardization and accuracy of decisions, for both electronic claims and those received by VA in paper form and uploaded into VBMS. Processors will also use VBMS to generate letters to veterans concerning their claim status and send requests to private physicians for medical records needed to evaluate claims.

When VBMS is combined with VA's other Transformation initiatives — including improved claims rater training, cross-functional claims handling teams, and prioritized lanes to speed processing based on type of claim —VA will be positioned to meet Secretary Eric K. Shinseki's priority goal of processing veterans' claims in 125 days or less, at 98 percent accuracy, by the end of 2015.

For more information on VA's transformation go to http://benefits.va.gov/transformation.

- **The Department of Veterans Affairs announced the availability of the new online funeral directors resource kit.**

Funeral directors nationwide may use the kit when helping Veterans and their families make burial arrangements in VA national cemeteries.

The website was created to enable funeral directors to find the most pertinent information to help families plan burials and apply for VA memorial benefits quickly. It has links about eligibility, benefits and services plus videos and information regarding services offered with and without military funeral honors. The videos are available in English and Spanish. The website is available at http://www.cem.va.gov/cem/funeraldirector.asp.

VA maintains 3.2 million gravesites in 131 VA national cemeteries and interred more than 118,000 Veterans and family members in fiscal year 2012.

- **HP Enterprise Services announced a maximum value $543 million Indefinite Delivery Indefinite Quantity (IDIQ) Real-Time Location System (RTLS) contract with the U.S. Department of Veterans Affairs (VA) to procure and deploy a management system that will assist in the automation and improvement of operations and veteran healthcare services.**

  The VA plans to enhance patient-centric health care while reducing program operational costs by standardizing clinical and business practices as well as monitoring IT services. Under the terms of the contract, HP will provide a set of nationally standardized RTLS solutions to the Veteran Health Administration (VHA) hospitals, clinics, offices and cemeteries to improve healthcare efficiency and the quality of veteran care.

  The five-year RTLS contract will equip 152 medical centers in the 21 Veteran Integrated Service Networks (VISN) and seven Consolidated Medical Outpatient Pharmacy facilities with real-time location technologies to help identify, locate and monitor assets and supplies within and between facilities. This facility automation effort will serve to improve consistency of services, managerial decision support, utilization of equipment and staff, and customer satisfaction by decreasing operational costs, minimizing lost and misplaced items, reducing delays in patient care and increasing clinical efficiencies and staff productivity.

- **Florida State University has been awarded a two-year, $4.4 million contract with the Department of Veterans Affairs to develop the next generation of prosthetic limbs for military-veteran amputee patients.**

  FSU is leading a partnership that includes the Georgia Institute of Technology, Prosthetic and Orthotic Associates, Quantum Motion Medical and St. Petersburg College.

  Led by Changchun “Chad” Zeng, an assistant engineering professor who is the principle investigator for the contract, the team aims to address the shortcomings of current prosthetic socket systems — the part where a patient’s limb connects to a prosthetic device — through the development, testing and delivery of “Socket Optimized for Comfort with Advanced Technology” prototypes.

  They are being developed at FSU’s High Performance Materials Institute at Innovation Park.

- **The Veterans Affairs Office of Inspector General released the findings from its review of the Combined Assessment Program in the North Florida/South Georgia Veterans Health System, Gainesville, Fla.**

  The purpose of the review was to evaluate selected health care facility operations, focusing on patient care quality and the environment of care.

  During the review, OIG provided crime awareness briefings to 442 employees. This review focused on seven operational activities and one follow-up review area from the previous Combined Assessment Program review.

  The OIG reports that facility complied with selected standards in the following three activities: environment of care, medication management – controlled substances inspections, and nurse staffing. The facility’s reported accomplishments were hospice and palliative care education and imaging advances.

OIG made recommendations for improvement in the following five activities and the follow-up review area: quality management, coordination of care – hospice and palliative care, long-term home oxygen therapy, preventable pulmonary embolism, and follow-up on environment of care issue.

GENERAL HEALTH CARE NEWS

- **Health and Human Services (HHS) Secretary Kathleen Sebelius announced $1.5 billion in new Exchange Establishment Grants to California, Delaware, Iowa, Kentucky, Massachusetts, Michigan, Minnesota, New York, North Carolina, Oregon and Vermont.**

  The funds are to ensure these states have the resources necessary to build a marketplace that meets the needs of their residents.

  Because of the Affordable Care Act, consumers and small businesses will have access to marketplaces starting in 2014. The marketplaces are one-stop shops that will provide access to quality, affordable private health insurance choices similar to those offered to members of Congress. Consumers in every state will be able to buy insurance from qualified health plans directly through these marketplaces and may be eligible for tax credits to help pay for their health insurance. These marketplaces promote competition among insurance providers and offer consumers more choices.

  Delaware, Iowa, Michigan, Minnesota, North Carolina and Vermont received awards for Level One Exchange Establishment Grants, which are one-year grants states will use to build marketplaces. California, Kentucky, Massachusetts, New York and Oregon received Level Two Exchange Establishment Grants. Level Two grants are multi-year awards to states to further develop their marketplaces.

  A total of 49 states, the District of Columbia, and four territories have received grants to plan their marketplaces, and 34 states and the District of Columbia have received grants to build their marketplaces. To ensure states have the support and time they need to build a marketplace, states may apply for grants through the end of 2014 and may use funds through their start-up year.

  For a detailed breakdown of marketplace grant awards made to states, including summaries of how states plan on using the awards announced today, please visit: http://www.healthcare.gov/news/factsheets/2011/05/exchanges05232011a.html.

- **Winning designs of printed health records to help patients better understand and use their electronic health records (EHRs) were announced by Farzad Mostashari, M.D., the national coordinator for health information technology.**

  The designs, created through a HHS Office of the National Coordinator for Health Information Technology (ONC) challenge contest, all met the goal of making EHRs valuable to patients and their family members.

  More than 230 submissions to the design challenge were submitted. Winners of the Health Design Challenge include:

  - Best Overall Design – “Nightingale” - Amy Guterman, Stephen Menton, Defne Civelekoglu, Kunal Bhat, Amy Seng, and Justin Rheinfrank from gravitytank in Chicago, Ill.
  - Best Medication Section – “M.ed” - Josh Hemsley from Orange County, Calif.,

presented a modern and intuitive design to help patients better understand how to properly adhere to their medication

- Best Medical/Problem History – "Grouping by Time" – Mathew Sanders from Brooklyn, N.Y., aimed to provide more context by listing items in chronological order instead of grouping by functional type so cause and effect can be seen
- Best Lab Summaries – "Health Summary" – Mike Parker, Dan McGorry, and Kel Smith from HealthEd in Clark, N.J., brought life to lab summaries through an aggregate health score and rich graphs of lab values
- The Best Overall Design winner will receive $16,000, while the winners in the remaining categories will each receive $5,000.

The Health Design Challenge supports ONC's efforts to engage consumers in their health through the use of technology, including the Blue Button, and is part of ONC's Investing in Innovation (i2) Initiative. The i2 Initiative holds competitions to accelerate development and adoption of technology solutions that enhance quality and outcomes.

More information about the winning submissions and other top entries can be viewed in the online gallery at http://healthdesignchallenge.com.

- **The Centers for Disease Control and Prevention (CDC) reports influenza activity remaining elevated in most of the U.S.**

This week, the CDC reports that the number of people who went to a doctor for influenza-like-illness has decreased from 6.0 percent to 4.3 percent over last week, but those numbers are still well above the national baseline of 2.2 percent. The CDC's latest Flu News update also reports that 47 states have no reported widespread flu activity – an increase from 41 states from the week before. The number of influenza-like-illnesses is a good indication of how widespread the flu is becoming, so a reduction is good news for the nation.

By the end of the week on Jan. 5, 2013 hospitalizations increased by 1,443 from the previous week, bringing the total to 3,710 flu-related hospitalizations thus far. Forty-six percent of these hospitalizations have been in people older than 65 years old.

In 2004, the CDC conducted a study where they examined hospital records from 500 hospitals across the United States between the years 1979 to 2001. In the year 2000 there were an estimated 114,000 hospitalizations due to the flu; now the CDC reports on average 200,000 people are hospitalized every year. People are being hospitalized due to flu complications such as respiratory and cardiac problems more frequently. The CDC also discovered in their study that when the strain of influenza A (H3N2) was dominant, there were more hospitalizations.

- **The U.S. Food and Drug Administration has approved Flublok, the first trivalent influenza vaccine made using an insect virus (baculovirus) expression system and recombinant DNA technology.**

Flublok is approved for the prevention of seasonal influenza in people 18 through 49 years of age.

Unlike current flu vaccines, Flublok does not use the influenza virus or eggs in its production. Flublok's novel manufacturing technology allows for production of large quantities of the influenza virus protein, hemagglutinin (HA) – the active ingredient in all

inactivated influenza vaccines that is essential for entry of the virus into cells in the body. The majority of antibodies that prevent influenza virus infection are directed against HA. While the technology is new to flu vaccine production, it is used to make vaccines that have been approved by the FDA to prevent other infectious diseases.

Each year, the FDA, World Health Organization, the Centers for Disease Control and Prevention and other public health experts collaborate on the review of influenza disease surveillance and laboratory data collected from around the world in an effort to identify strains that may cause the most illness in the upcoming season. Based on that information and on the recommendations of the FDA's Vaccines and Related Biological Products Advisory Committee, the FDA selects the different influenza strains each year that manufacturers should include in their vaccines for the U.S. population for the upcoming influenza season. The closer the match between the circulating strains causing disease and the strains in the vaccine, the better the protection against influenza.

Flublok contains three, full-length, recombinant HA proteins to help protect against two influenza virus A strains, H1N1 and H3N2, and one influenza virus B strain.

As it does with all influenza vaccines, the FDA will evaluate Flublok annually prior to use by the public each flu season. The recombinant HA proteins produced in the baculovirus expression system and included in Flublok will be assessed by the FDA.

The effectiveness of Flublok was evaluated in a study conducted at various sites in the United States that compared the use of Flublok in about 2,300 people to a placebo that was given to a control group of similar size. Flublok was about 44.6 percent effective against all circulating influenza strains, not just the strains that matched the strains included in the vaccine.

Flublok has a shelf life of 16 weeks from the date of manufacture. Health care providers should check the expiration date before administering Flublok.

Flublok is manufactured by Protein Sciences Corp, of Meriden, Conn.

REPORTS/POLICIES

- **The Institute of Medicine (IOM) published *"Childhood Immunization Schedule and Safety: Stakeholder Concerns, Scientific Evidence, and Future Studies,"* on Jan. 16, 2013.** In this report, IOM identify research approaches, methodologies, and study designs that could address questions about the safety of the current vaccination schedule. http://www.iom.edu/Reports/2013/The-Childhood-Immunization-Schedule-and-Safety.aspx

- **The Institute of Medicine (IOM) published *"Supplemental Nutrition Assistance Program (SNAP): Examining the Evidence to Define Benefit Adequacy,"* on Jan. 17, 2013.** The IOM and the National Research Council to consider whether it is feasible to objectively define the adequacy of SNAP allotments that meet the program goals and, if so, to outline the data and analyses needed to support an evidence-based assessment of SNAP allotment adequacy. http://www.iom.edu/Reports/2013/Supplemental-Nutrition-Assistance-Program-Examining-the-Evidence-to-Define-Benefit-Adequacy.aspx

- **The National Center for Disaster Medicine and Public Health published "Capturing the Range of Learning: Implications for Disaster Health in a Resource Constrained**

Environment," in December 2012. This white paper addresses the challenge of building and maintaining disaster related learning by health professionals in a resource-constrained environment. http://ncdmph.usuhs.edu/KnowledgeLearning/Range-of-Learning-201212.htm

HILL HEARINGS

- The House Committee on Veterans' Affairs will hold a business hearing on **Jan. 22, 2013.**
- The House Appropriations Committee will hold a business hearing on Jan. 23, 2013**.**
- The House and Senate Veterans Affairs Committees will hold a joint hearing on **Feb. 26, 2013**, to receive Legislative Presentation of the Disabled American Veterans (DAV)
- The House and Senate Veterans Affairs Committees will hold a joint hearing on **Feb. 28, 2013**, to receive to receive Legislative Presentation of Multiple Veterans Service Organizations (VSOs).
- The House and Senate Veterans Affairs Committees will hold a joint hearing on **March 5, 2013**, to receive to receive Legislative Presentation of the Veterans of Foreign Wars (VFW).
- The House and Senate Veterans Affairs Committees will hold a joint hearing on **March 6, 2013**, to receive Legislative Presentation of Multiple Veteran Service Organizations (VSOs).

LEGISLATION

- **H.R.225** (introduced Jan. 14, 2013): the *National Pediatric Research Network Act of 2013* was referred to the House Committee on Energy and Commerce
  Sponsor: Representative Lois Capps [CA-24]
- **H.R.235** (introduced Jan. 14, 2013): the *Veteran Emergency Medical Technician Support Act of 2013* was referred to the House Committee on Energy and Commerce
  Sponsor: Representative Adam Kinzinger [IL-16].
- **H.R.241** (introduced Jan. 14, 2013): the *Veterans Timely Access to Health Care Act* was referred to the House Committee on Veterans' Affairs
  Sponsor: Representative Dennis A. Ross [FL-15]
- **H.R.257** (introduced Jan. 15, 2013): the *Veterans Health Equity Act of 2013i* was referred to the House Committee on Veterans' Affairs.
  Sponsor: Representative Carol Shea-Porter [NH-1]
- **H.R.272** (introduced Jan. 15, 2013): To designate the Department of Veterans Affairs and Department of Defense joint outpatient clinic to be constructed in Marina, California, as the "General William H. Gourley Federal Outpatient Clinic: A Joint VA-DOD Health Care Facility" was referred to the Committee on Armed Services, and in addition to the Committee on Veterans' Affairs.
  Sponsor: Representative Sam Farr [CA-20]
- **H.R.274** (introduced Jan. 15, 2013): Mental Health First Act of 2013 was referred to the House Committee on Energy and Commerce
  Sponsor: Representative Ron Barber, Ron [AZ-2]
- **H.R.297** (introduced Jan. 15, 2013): To amend the Public Health Service Act to

reauthorize support for graduate medical education programs in children's hospitals was referred to the House Committee on Energy and Commerce.
Sponsor: Representative Joseph R. Pitts [PA-16]

MEETINGS

- The International Meeting of Simulation in Healthcare (IMSH) 2013 will be held on **Jan. 26-30, 2013**, in Orlando, Fla. http://ssih.org/events/imsh-2013-central
- The 2013 Military Health System Conference will be held **Feb. 11-14, 2013**, in National Harbor, Md. http://www.health.mil/2013MHSConference/Registration.aspx
- Digital Health Communication Extravaganza will be held on **Feb. 20-22, 2013**, in Orlando, Fla. http://dhcx.hhp.ufl.edu/.
- Annual HIMSS Conference & Exhibition will be held **March 3-7, 2013**, in New Orleans, La. http://www.himssconference.org/
- The International Conference on Emerging Infectious Diseases 2013 (ICEID) will be held on **Feb. 15-18, 2013**, in Vienna, Austria. www.imed.isid.org/downloads/IMED2013_FirstAnn.pdf
- The National Center for Disaster Medicine and Public Health (NCDMPH) rescheduled Learning in Disaster Health: A Continuing Education Workshop from April 2-3. 2013 to **Sept. 17-18, 2013**.
- 10th Annual World Healthcare Congress will be held **April 8-10, 2013**, in Washington DC http://www.worldcongress.com/events/HR13000/
- AAMA Presents: "3-in-1" Conference - Bringing Together Cardiovascular, Neuroscience & Oncology Leaders will be held on **April 10-12 2013**, in Las Vegas, Nev. http://www.aameda.org/Conference/ACCA/ACCAMain.html

If you need further information on any item in the *Federal Health Update*, please contact Kate Theroux at (703) 447-3257 or by e-mail at katetheroux@federalhealthcarenews.com.