

# Federal Health Update

JAN. 30, 2014

*Welcome to Federal Health Update. This newsletter is a compilation of the latest news in the federal health care sector.*

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## EXECUTIVE AND CONGRESSIONAL NEWS

- **On Jan. 29, 2015, Chairman Jeff Miller introduced the Veterans Affairs Retaliation Prevention Act of 2015. The bill would provide VA whistleblowers with a means to solve problems at the lowest level possible, while offering them protection from reprisals and real accountability for those who reprise against them.**

Specifically, the bill would:

- Establish a new system employees could use to report retaliation claims that emphasizes addressing problems at the lowest level possible. Supervisors would be required to report all retaliation claims to facility directors, eliminating the possibility for facility leaders to claim plausible deniability of such claims
  - Codify prohibitions against negative personnel actions for employees who file whistleblower complaints or who cooperate with congressional, Government Accountability Office or Inspector General investigations
  - Establish mandatory disciplinary penalties for employees found to have engaged in retaliation against whistleblowers
  - Establish a mandatory whistleblower protection training program for all VA employees
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- **Chairman Thad Cochran (R-Miss.) and Vice Chairwoman Barbara Mikulski (D-Md.) announced members for the 12 subcommittees that make up the Senate Committee on Appropriations.**

Below are the list of the Senate appropriations defense- and veterans affairs-related committee members:

**Department of Defense**

Thad Cochran (R-Miss.), chairman  
Mitch McConnell (R-Ky.)  
Richard Shelby (R-Ala.)  
Lamar Alexander (R-Tenn.)  
Susan Collins (R-Maine)  
Lisa Murkowski (R-Alaska)  
Lindsey Graham (R-S.C.)  
Roy Blunt (R-Mo.)  
Steve Daines (R-Mont.)  
Jerry Moran (R-Kan.)

Richard Durbin (D-Ill.), vice chairman  
Patrick Leahy (D-Vt.)  
Dianne Feinstein (D-Calif.)  
Barbara Mikulski (D-Md.)  
Patty Murray (D-Wash.)  
Jack Reed (D-R.I.)  
Jon Tester (D-Mont.)  
Tom Udall (D-N.M.)  
Brian Schatz (D-Hawaii)

**Military Construction and Veterans Affairs, and Related Agencies**

Mark Kirk (R-Ill.), chairman  
Mitch McConnell (R-Ky.)  
Lisa Murkowski (R-Alaska)  
John Hoeven (R-N.D.)  
Susan Collins (R-Maine)  
John Boozman (R-Ark.)  
Shelley Moore Capito (R-W.Va.)  
Bill Cassidy (R-La.)

Jon Tester (D-Mont.), ranking member  
Patty Murray (D-Wash.)  
Jack Reed (D-R.I.)  
Tom Udall (D-N.M.)  
Brian Schatz (D-Hawaii)  
Tammy Baldwin (D-Wisc.)  
Chris Murphy (D-Conn.)

**MILITARY HEALTH CARE NEWS**

- **After a two-year study, the Military Compensation and Retirement Modernization Commission released its report on military benefits, offering 15 recommendations on Jan. 29 2015 that would give individual troops far more control over shaping and managing their own retirement packages.**

The one of the proposals would scale back the size of military pensions by 20 percent. Yet it preserves the current structure by continuing to offer those smaller pension checks immediately upon separation for those who serve 20 years. It also suggested adding 401(k)-style retirement accounts to the mix of military benefits. Under the proposal, current military members would be grandfathered into the federal government's existing Thrift Savings Plan system and wouldn't see changes to their defined pension benefit.

The commission recommended wholesale changes to the current military health program. Under the recommendations, active-duty members and mobilized reserve component members still would receive medical care from the U.S. military, with easier access to specialty care in the civilian sector if they need it.

But their family members, and retirees under 65 and their family members, would receive health care through commercial insurers, similar to the plans run under the Federal Employee Health Benefits Program.

Active-duty families would receive an allowance to cover the cost of their insurance premiums, called the Basic Allowance for Health Care.

But retirees under Medicare-eligible age would pay their premiums out of pocket, although at a lower cost than most civilian plans, commission members said, as "recognition" of their service.

The program would be run from the Office of Personnel Management, just as the FEHBP is, negating the need for the massive TRICARE contract management and oversight structure that now exists within the Pentagon, according to the report.

The commission's recommendations are not binding and must be passed by Congress. In the last 10 years, the cost per person in the active duty force grew 46 percent, excluding war funding and adjusting for inflation, the Center for Strategic and Budgetary Assessments found in a recent report. At that rate, and a Pentagon budget that accounts for inflation, personnel costs will consume the entire defense budget by 2039.

To read the report, please visit: <http://mldc.whs.mil/public/docs/report/MCRMCFinalReport-29JAN15-HI.pdf>

- **The Department of Defense published a statement by Secretary of Defense Chuck Hagel on the Military Compensation and Retirement Modernization Commission Report:**

*On behalf of the Department of Defense, I thank the members of the independent, bipartisan Military Compensation and Retirement Modernization Commission for their hard work over the last year and a half. They have developed a wide-ranging set of recommendations on reforming and modernizing the package of benefits we provide to America's men and women in uniform and their families, and DoD will analyze the commission's proposals in full detail. While the recommendations released today will not affect the budget request that the president will submit to Congress next week, they will inform discussions that DoD will have with Congress over the course of this year.*

*I appreciate that the commission gathered input from over 150,000 service members and veterans across the country before formulating its recommendations. I also appreciate the commission's support for grandfathering current servicemembers and retirees with its recommended changes on retirement pay; its focus on protecting future recruitment and retention; and its attempt to propose savings to ensure our military will be able to field a ready, agile, and modern force capable of meeting present and future threats.*

*At the Pentagon, in Congress, and at bases around the world, these recommendations will be the subject of much discussion and debate. They should be. And as we decide how to move forward, we have to remember the two highest and most solemn obligations this country has to its military: to ensure our troops and their families are fairly and appropriately compensated and cared for during and after their time in uniform, and to provide our troops with the best training*

*and equipment possible -- so that whenever America calls on them, they are prepared to accomplish the mission and return home safely to their families.*

## VETERANS AFFAIRS NEWS

- **The Department of Veterans Affairs (VA) announced that it is taking the first steps under the MyVA initiative to realign its many organizational maps into one map with five regions to better serve veterans.**

The new regions under the MyVA alignment will allow VA to begin the process of integrating disparate organizational boundaries into a single regional framework to enhance internal coordination.

VA's new regional design utilizes state boundaries to divide the country into five regions. Each organization within VA will begin work to ensure their structures are aligned within this framework by the end of June 2015.

Veterans are already seeing the impacts of changes made through the MyVA initiative. For example, at the suggestion of VA employees, the Department has made improvements to VA call center operations, to allow call center agents to suspend or resume certain benefit payments at the request of the veteran, which eliminates additional steps typically required of veterans. Also at the suggestion of employees, VA is working towards piloting improved signage in certain facilities, to make sure veterans know where they are going and that directions are easy to follow.

Additional VA efforts are currently underway to define the next steps to transform the Department into one that is more centered on the veteran.

### **Background on MyVA**

- Launched on Sept. 2, 2014, MyVA is an initiative which will reorient VA around Veteran needs and empower employees to assist them in delivering excellent customer service to improve the Veteran experience. It is the largest department-wide transformation in VA's history and will be a product of ideas and insights shared by Veterans, employees, members of Congress, VSOs, and other stakeholders.
- The first phase of MyVA has included creating the task force and building the team to support the mission and an organizational change of this breadth. MyVA is focused on five areas of improvement:
  - Improving the veteran experience
  - Improving the employee experience so they can better serve Veterans
  - Improving internal support services
  - Establishing a culture of continuous improvement, and
  - Enhancing strategic partnerships.

The Regional Map can be seen at: <http://www.va.gov/opa/publications/docs/myva-5-regions-map.pdf>

## GENERAL HEALTH CARE NEWS

- **The U.S. Department of Health and Human Services announced that it is collaborating with a wide range of non-profit organizations and some of the nation's largest tax preparers to ensure that the public understands how health care and their taxes intersect.**

These groups provide resources, advice, and assistance to tax filers across the country. Some are offering on-the-ground, in person support, while others are providing online tools and software to help guide people through the tax filing process. Last year, 91 percent of taxpayers relied on software to do their taxes. This year many tax preparers and organizations updated their online tools to reflect the new Affordable Care Act requirements with the goal of helping consumers easily complete a timely and accurate tax return. Consumers can learn more about free tax assistance and filing options – including assistance in their community - by visiting [www.IRS.gov/freefile](http://www.IRS.gov/freefile) or [www.IRS.gov/VITA](http://www.IRS.gov/VITA).

The 2015 tax season is the first time individuals and families will be asked to report basic information regarding health coverage on their tax returns. For the vast majority of tax filers - about three-quarters – meeting this new requirement will be as simple as checking a box to show they had health coverage for all of 2014. The remaining taxpayers - about one-quarter – will take different steps. It is expected that 3 to 5 percent of taxpayers benefited from advance payments of tax credits to help lower the cost of their Marketplace premiums in 2014. Now that tax season is here, these individuals will need to reconcile those credits in order to ensure that they received the correct amount. It is expected that 10 to 20 percent of taxpayers were uninsured for all or part of 2014 and will claim an exemption from the requirement to have coverage. A much smaller fraction of taxpayers, an estimated 2 to 4 percent, will pay a fee because they made a choice to not obtain coverage they could have afforded and are not eligible for an exemption.

The administration is committed to providing the information and tools tax filers need to understand the new requirements. HHS is working to make sure people know exemptions are available and is committed to ensuring that if someone qualifies, the process of receiving an exemption is simple and easy. Part of this outreach effort involves coordinating efforts with nonprofit organizations and tax preparers.

For details about the participating tax preparers and nonprofit organizations, please visit: <http://www.hhs.gov/news/press/2015pres/01/20150128a.html>

- **On Jan. 27, 2015, the Centers for Medicare and Medicaid announced Indiana became the 28th state – plus the District of Columbia – to expand Medicaid under the Affordable Care Act.**

Indiana beneficiaries will begin to have access to quality, affordable coverage with the essential benefits guaranteed by law beginning on Feb. 1, 2015 for eligible individuals. Indiana's plan establishes POWER Accounts, which beneficiaries will use to pay for some of beneficiaries' health care expenses. These accounts will be funded, in part, through beneficiary contributions.

Beneficiaries will have access to all of the essential health benefits that are required under the law. The agreement allows two benefit packages (HIP Plus and HIP Basic), each covering all essential health benefits required by law and available to people based on their premium (POWER Account) contributions.

Individuals who are charged premiums (in the form of POWER account contributions) will enroll in HIP Plus and have no other cost sharing, except for certain emergency room services. These individuals will also have the opportunity to reduce their premiums through incentives like receiving preventive care or through a rollover of their POWER account. For people with incomes at or under 100% of the federal poverty line (FPL) who elect to pay cost-sharing rather than premiums, cost sharing will comply with regular program limits and total cost sharing will not exceed 5 percent of the family income.

Co-payments for certain emergency room services to some individuals will be allowed in connection with a study testing whether copays encourage care in the most appropriate settings while not harming beneficiary health. Federal law allows waivers on cost sharing payments only

based on meeting several criteria including the presence of a control group so that the impact can be carefully studied. Individuals who seek treatment at the emergency room will be charged copays (\$8 for the first visit, \$25 for the second visit). Those assigned to a “control” group will not be charged.

Individuals with incomes at or below 100% FPL are not subject to a lockout of essential benefits. A person who is not medically frail and has income above the poverty line who stops paying premiums can be locked out of coverage for six months – reduced from 12 months in the current Indiana plan – and subject to certain exceptions.

The new demonstration shortens the lock out period from 12 months under HIP 1.0 to six months, limits the lock out to only people with incomes above 100% FPL who are not medically frail, and adds additional exceptions for some individuals. For instance, individuals with incomes at or below 100% FPL will also be given a 60-day grace period after non-payment of premiums before being automatically enrolled in HIP Basic.

## REPORTS/POLICIES

- **The GAO published “*Private Health Insurance: Geographic Variation in Spending for Certain High-Cost Procedures Driven by Inpatient Prices*,” (GAO-15-214) on Jan. 28, 2015.** In this report, GAO examined how spending per episode of care for certain high-cost procedures varies across geographic areas for private payers; and how the mix of service types, and the volume, intensity, and price of services contribute to variation in episode spending across geographic areas for private payers. <http://www.gao.gov/assets/670/667781.pdf>

## HILL HEARINGS

- The Senate Armed Services Committee will hold a hearing on **Feb. 3, 2015**, to examine the findings of the Military Compensation and Retirement Modernization Commission.
- The Senate Armed Services Committee will hold a hearing on **Feb. 4, 2015**, to examine the nomination of Ashton B. Carter, of Massachusetts, to be Secretary of Defense.
- The House Veterans Affairs Committee will hold a hearing on **Feb. 11, 2015**, to examine the U.S. Department of Veterans Affairs Budget Request for Fiscal Year 2016.
- The House Veterans Affairs Committee will hold a hearing on **Feb. 28, 2015**, to examine the quality and cost of VA health care.
- The House and Senate Veterans Affairs Committees will hold a joint hearing on **Feb. 24, 2015**, to receive the legislative presentation of the Disabled American Veterans.
- The House and Senate Veterans Affairs Committees will hold a joint hearing on **Feb. 25, 2015**, to receive the legislative presentation of The American Legion.
- The House and Senate Veterans Affairs Committees will hold a joint hearing on **March 4, 2015**, to receive Legislative Presentation of the Veterans of Foreign Wars.

## LEGISLATION

- **H.R.531** (introduced Jan. 26, 2015): To prioritize funding for the National Institutes of Health to discover treatments and cures, to maintain global leadership in medical innovation, and to restore the purchasing power the NIH had after the historic doubling campaign that ended in fiscal year 2003 was referred to the House Committee on the Budget.  
Sponsor: Representative Rosa L. DeLauro [CT-3]
- **H.R.536** (introduced Jan. 26, 2015): To require the Secretary of Health and Human Services to approve waivers under the Medicaid Program under title XIX of the Social Security Act that are related to State provider taxes that exempt certain retirement communities, and for other purposes was referred to the House Committee on Energy and Commerce.  
Sponsor: Representative Steve Womack [AR-3]
- **H.R.539** (introduced Jan. 27, 2015): amend part B of title III of the Public Health Service Act to improve essential oral health care for lower income individuals by breaking down barriers to care, and for other purposes was referred to the House Committee on Energy and Commerce.  
Sponsor: Representative Robin L. Kelly [IL-2].
- **H.R.542** (introduced Jan. 27, 2015): To amend the Public Health Service Act to provide for the participation of doctors of chiropractic in the National Health Service Corps scholarship and loan repayment programs, and for other purposes was referred to the House Committee on Energy and Commerce.  
Sponsor: Representative Gregg Harper [MS-3]
- **H.R.543** (introduced Jan. 26, 2015): To repeal title I of the Patient Protection and Affordable Care Act and to amend the Public Health Service Act to provide for cooperative governing of individual health insurance coverage offered in interstate commerce was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means, and Education and the Workforce.  
Sponsor: Representative Marsha Blackburn [TN-7]
- **H.R.546** (introduced Jan. 27, 2015): To amend titles XIX and XXI of the Social Security Act to provide States with the option of providing services to children with medically complex conditions under the Medicaid program and Children's Health Insurance Program through a care coordination program focused on improving health outcomes for children with medically complex conditions and lowering costs, and for other purposes was referred to the House Committee on Energy and Commerce.  
Sponsor: Representative Joe Barton, Joe [TX-6].
- **H.R.572** (introduced Jan. 26, 2015): To require the Secretary of Veterans Affairs to use existing authorities to furnish health care at non-Department of Veterans Affairs facilities to veterans who live more than 40 miles driving distance from the closest medical facility of the Department that furnishes the care sought by the veteran, and for other purposes was referred to the House Committee on Veterans' Affairs.  
Sponsor: Representative Markwayne Mullin [OK-2]
- **H.R.577** (introduced Jan. 27, 2015): To require the Secretary of Veterans Affairs to use existing authorities to furnish health care at non-Department of Veterans Affairs facilities to veterans who live more than 40 miles driving distance from the closest medical facility of the Department that furnishes the care sought by the veteran was referred to the House Committee on Veterans' Affairs.  
Sponsor: Representative Ryan K. Zinke [MT]
- **H.R.582** (introduced Jan. 28, 2015): To amend title III of the Public Health Service Act to provide for the establishment and implementation of guidelines on best practices for diagnosis, treatment, and management of mild traumatic brain injuries (MTBIs) in school-aged children, and for other purposes was referred to the House Committee on Energy and Commerce.

Sponsor: Representative Bill Pascrell, Jr. [NJ-9]

- **H.R.596** (introduced Jan. 26, 2015): To repeal the Patient Protection and Affordable Care Act and health care-related provisions in the Health Care and Education Reconciliation Act of 2010, and for other purposes was referred to the Committee on Energy and Commerce, and in addition to the Committees on Education and the Workforce, Ways and Means, the Judiciary, Natural Resources, Rules, House Administration, Appropriations, and the Budget.  
Sponsor: Representative Bradley Byrne [AL-1]
- **H.R.617** (introduced Jan. 28, 2015): To amend the Public Health Service Act to enhance the clinical trial registry data bank reporting requirements and enforcement measures was referred to the House Committee on Energy and Commerce.  
Sponsor: Representative Tom Reed, Tom [NY-23]
- **H.R.619** (introduced Jan. 28, 2015): To amend the Public Health Service Act to provide for the expansion, intensification, and coordination of the programs and activities of the National Institutes of Health with respect to Tourette syndrome was referred to the House Committee on Energy and Commerce.  
Sponsor: Representative Albio Sires [NJ-8]
- **S.254** (introduced Jan. 26, 2015): A bill to lower health premiums and increase choice for small businesses was referred to the Committee on Finance.  
Sponsor: Senator Rob Portman, Rob [OH]
- **S.276** (introduced Jan. 28, 2015): A bill to amend the Public Health Service Act to provide for the expansion, intensification, and coordination of the programs and activities of the National Institutes of Health with respect to Tourette syndrome was referred to the Committee on Health, Education, Labor, and Pensions.  
Sponsor: Senator Robert Menendez, Robert [NJ].
- **S.298** (introduced Jan. 28, 2015): A bill to amend titles XIX and XXI of the Social Security Act to provide States with the option of providing services to children with medically complex conditions under the Medicaid program and Children's Health Insurance Program through a care coordination program focused on improving health outcomes for children with medically complex conditions and lowering costs, and for other purposes was referred to the Committee on Finance.  
Sponsor: Senator Chuck Grassley [IA]

## MEETINGS

- The ACHE Congress on Healthcare Leadership will be held on **March 16-19, 2015**, in Chicago, Ill. <http://www.ache.org/congress/>
- The 12th Annual World Health Care Congress will be held on **March 22-25, 2015**, in Washington DC. <http://www.worldcongress.com/events/HR15000/>
- The HIMSS Annual Conference and Exhibition will be held on **April 12-16, 2015**, in Chicago, Ill. <http://www.himssconference.org/>
- The 5th Annual Traumatic Brain Injury Conference will be held **April 15-16, 2015**, in Washington DC. <http://tbiconference.com/home/>
- The Heroes of Military Medicine Awards will be held on **May 7, 2015**, in Washington, DC. <http://www.hjfc3.org/heroes-dinner>
- 2015 AMSUS Annual Continuing Education Meeting - The Society Of The Federal Health



Professionals will be held on **Dec. 1-4, 2015**, in San Antonio, Texas.  
<http://amsusmeetings.org/annual-meeting/>

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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](mailto:katetheroux@federalhealthcarenews.com).