Federal Health Update

FEB. 6, 2014

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

EXECUTIVE AND CONGRESSIONAL NEWS

- **The Senate Armed Services Committee held hearing on Feb. 4, 2015, to receive testimony by Ashton B. Carter, regarding his nomination to be Secretary of Defense.**

- **On Feb. 2, 2015, President Obama signed the Sequestration Order for Fiscal Year 2016.**

  By the authority vested in me as President by the laws of the United States of America, and in accordance with section 251A of the Balanced Budget and Emergency Deficit Control Act (the "Act"), as amended, 2 U.S.C. 901a, I hereby order that, on October 1, 2015, direct spending budgetary resources for fiscal year 2016 in each non-exempt budget account be reduced by the amount calculated by the Office of Management and Budget in its report to the Congress of Feb. 2, 2015.

  All sequestrations shall be made in strict accordance with the requirements of section 251A of the Act and the specifications of the Office of Management and Budget's report of Feb. 2, 2015, prepared pursuant to section 251A(9) of the Act.

- **The Senate passed H.R. 203, the Clay Hunt SAV Act, on Feb. 3, 2015.**

  This legislation directs the Secretary of Veterans Affairs to provide for the conduct of annual evaluations of mental health care and suicide prevention programs of the Department of Veterans Affairs, to require a pilot program on loan repayment for psychiatrists who agree to serve in the Veterans Health Administration of the Department of Veterans Affairs, and for other purposes.

MILITARY HEALTH CARE NEWS

- **President Barack Obama today sent Congress a proposed Fiscal Year (FY) 2016 Department of Defense budget request of $585.3 billion in discretionary budget authority to fund both base budget programs and Overseas Contingency Operations (OCO).**

  The FY 2016 base budget of $534.3 billion includes an increase of $38.2 billion over the FY 2015 enacted budget of $496.1 billion. DoD's FY 2016 OCO budget of $50.9 billion is $13.3 billion – or about 21 percent – lower than the FY 2015 enacted level of $64.2 billion, reflecting the end of the combat mission and the continued drawdown of forces in Afghanistan. The combined request represents an increase of $24.9 billion or about four percent, reflecting the need to modernize the force for the future and respond to emerging security challenges.

  According to the *Military Times*, the President's proposal directs $47.8 billion to military health care costs. The budget proposes consolidating TRICARE Prime, Standard and Extra into one TRICARE program but includes no increases to co-payments or cost-shares for active-duty families seen at military hospitals and clinics or in the network. Pentagon officials estimate that the initial changeover to a single Tricare plan would cost the department money — $100 million in fiscal 2016. But it would save $3.1 billion from 2017 through 2020.

  Some of the changes to the health program include:

  - A $10 and $20 fee, depending on sponsor's rank, for care they seek without a referral to a network physician — similar to the current TRICARE Extra option.
  - An increase to cost-shares for visits to out-of-network providers for family members from 15 percent to 20 percent of the TRICARE allowable charge.
  - New fees for using emergency rooms at military treatment facilities or civilian hospitals for non-emergent care, ranging from $30 to $70 depending on the rank of the sponsor.
  - Retirees below age 65 and their family members would pay annual "participation fees," (currently called enrollment fees). Starting in 2017, annual fees would rise to $289 for an individual, up from $277.92, and to $578 for a family, up from $555.84.
  - Co-payments for retirees for services at military treatment facilities, ranging from $10 for a primary care visit to between $20 and $50 for specialty care, urgent care, emergency room services and ambulatory surgery. Retirees would pay $20 co-payment for primary care to $100 for a network ambulatory surgery visit and 25 percent cost-share for all out-of-network care.
  - Future beneficiaries using TRICARE For Life (TFL) also would begin paying an enrollment fee for the program based on a percentage of gross retired pay — 0.5 percent in 2016 — and capped at $150 a year for a family and $200 for retired flag and general officers.
  - By 2019, TFL enrollees would pay a fee amounting to 2 percent of gross retired pay, up to a maximum of $614. Flag officers would pay up to $818 by 2019.
  - The budget also proposes increases to catastrophic caps. Active-duty families would see theirs rise to $1,500 for network or $2,500 for combined network and non-network visits, while all others would see an increase to $3,000 for network and $5,000 combined.
  - Prescriptions would continue to be filled free for everyone at military treatment facilities and generic drugs also would be available at no charge through TRICARE's mail order system. Generics would cost $8 at a retail pharmacy in 2016 and would remain at that level through fiscal 2018.
  - Brand names would rise to $28 per prescription, up from the current $17. Medications not on the TRICARE formulary now are tightly restricted. While they cost $44 in 2014, they are

available only on a limited basis now at retail pharmacies.

- Costs for mail order prescriptions also would rise, to $28 from $16 for brand name medications in 2016. Unlike retail pharmacy prescriptions, medications filled by mail are for 90 days. Non-formulary medications would still be available by mail, with co-pays rising to $54 from the current $46.
- Medications would continue to be dispensed free of charge at military pharmacies.

The entire FY 2016 budget proposal is available at www.budget.mil.

VETERANS AFFAIRS NEWS

- **The President has proposed a $168.8 billion budget for the Department of Veterans Affairs (VA) in fiscal year 2016.**

  The budget includes $73.5 billion in discretionary funding, largely for health care, and $95.3 billion for mandatory benefit programs such as disability compensation and pensions. The $73.5 billion total in discretionary spending, including over $3.2 billion in medical care collections from health insurers and veteran copayments, is $5.2 billion and 7.5 percent above the 2015 enacted level.

  The budget also requests $66.6 billion, including collections, for the 2017 advance appropriations for medical care, an increase of $3.4 billion and 5.4 percent above the 2016 medical care budget request. As a first-time request for advance appropriations for 2017 for Compensation and Pensions, Readjustment Benefits, and Veterans Insurance and Indemnities, within our mandatory benefits programs in the Veteran's Benefits Administration, $104 billion is requested for 2017.

  Highlights from the President's 2016 budget request for VA include:

  - With a medical care budget of $63.2 billion, including collections, VA is positioned to serve approximately 9.4 million veteran patients enrolled to receive care in the fiscal year beginning Oct. 1.
  - $7.5 billion for mental health;
  - $2.8 billion for prosthetics;
  - $556 million for spinal cord injuries;
  - $232 million for traumatic brain injuries;
  - $243 million for readjustment counseling;
  - $7.5 billion for long-term care.

  The President's Budget would ensure that care and other benefits are available to veterans when and where they need them. Among the programs that will expand access under the proposed budget are:

  - $1.2 billion in telehealth funding, which helps patients monitor chronic health care conditions and increases access to care, especially in rural and remote locations;
  - $446 million for health care services specifically designed for women, an increase of 8.3 percent over the present level;
  - $598 million for the activation of new and enhanced health care facilities;
  - $1.1 billion for major construction projects;

- $86.6 million for improved customer service applications for online self-service portals and call center agent-assisted inquiries

The President's Budget provides for full implementation of the Veterans Benefits Administration's (VBA) robust Transformation Plan -- a series of people, process, and technology initiatives -- in 2016. This plan will continue to systematically improve the quality and efficiency of claims processing and assist the Department in processing all disability compensation claims within 125 days.

- Major claims transformation initiatives in the budget invest $431 million to bring leading-edge technology to claims processing, including:
- $290 million ($253 million in Information Technology and $37 million in VBA) to support the electronic claims processing system – the Veterans Benefits Management System (VBMS);
- $141 million for Veterans Claims Intake Program (VCIP) to continue conversion of paper records, such as medical records, into electronic images and data in VBMS.
- $4.1 billion for information technology (IT), including investments to modernize veterans' electronic health records, improve Veterans' access to benefits, and IT infrastructure

For more details, please visit: http://www.va.gov/opa/pressrel/pressrelease.cfm?id=2675

- **The Department of Veterans Affairs is launching the Prescription Tracker, which allows online tracking for most prescriptions mailed from the VA Mail Order Pharmacy.**

The tracking feature will include images of the medication that dispensed. Over the next year, a secure messaging alert will be added so that veterans know when a medication was placed in the mail.

More than 57,000 veterans are currently using the service through My HealtheVet, an online feature that allows veterans to partner with their health care team. The number is expected to grow as VA starts to educate veterans about the new feature.

The Prescription Tracker is a winner of the President's 2013 Securing Americans Value and Efficiency (SAVE) Award, focused on the use of technology as a way to save money and improve the services VA provides to its patients.

GENERAL HEALTH CARE NEWS

- **The U.S. Food and Drug Administration (FDA) approved TissuGlu, the first tissue adhesive approved for internal use.**

TissuGlu is a urethane-based adhesive that a surgeon can use to connect tissue flaps made during surgery to remove excess fat and skin or to restore weakened or separated abdominal muscles (abdominoplasty surgery). Connecting the tissue flaps with an internal adhesive may reduce or eliminate the need for postoperative surgical draining of fluid between the abdominoplasty tissue flaps.

Drops of liquid TissuGlu are applied by a surgeon using a hand-held applicator. After applying the drops, the surgeon positions the abdominoplasty flap in place. Water in the patient's tissue starts a chemical reaction that bonds the flaps together. The surgeon then proceeds with standard closure of the skin using sutures.

TissuGlu is manufactured by Cohera Medical, Inc., located in Pittsburgh, Pennsylvania.

- **Food and Drug Administration Commissioner Margaret A. Hamburg announced her resignation, effective at the end of March.**

  Hamburg led an expansion of food safety regulation and speedier drug approvals, including the Food Safety and Modernization Act, signed by President Obama in 2011. The law is intended to pay for beefed up inspections of production, sale and import of fruits and vegetables, and will involve greater levels of inspection of imported food. Since its passage, the FDA has regularly won more funds from Congress to make the law work despite congressional budget cuts.

  Her agency in recent years has given various classes of drugs quicker approval—through means such as breakthrough drug designation, accelerated approval and the wide use in cancer of easier endpoints in clinical trials. The number of new drugs approved by the FDA has generally risen in recent years.

  Her temporary replacement will be the FDA's chief scientist, Dr. Stephen Ostroff. One possible permanent successor is Robert Califf of Duke University, whom Dr. Hamburg recently selected as her deputy commissioner for medical products and tobacco.

- **The Centers for Medicare & Medicaid Services (CMS) issued a final national coverage determination that provides for Medicare coverage of Screening for Lung Cancer with Low Dose Computed Tomography (LDCT). The coverage is effective immediately.**

  Medicare will now cover lung cancer screening with LDCT once per year for Medicare beneficiaries who meet all of the following criteria:

  - They are age 55-77, and are either current smokers or have quit smoking within the last 15 years;
  - They have a tobacco smoking history of at least 30 "pack years" (an average of one pack a day for 30 years); and
  - They receive a written order from a physician or qualified non-physician practitioner that meets certain requirements.

  Medicare coverage includes a visit for counseling and shared decision-making on the benefits and risks of lung cancer screening. The NCD also includes required data collection and specific coverage eligibility criteria for radiologists and radiology imaging centers, consistent with the National Lung Screening Trial protocol, U.S. Preventive Services Task Force recommendation, and multi-society multi-disciplinary stakeholder evidence-based guidelines.

- **The President's FY 2016 Budget provides $83.8 billion in discretionary funding for the Department of Health and Human Services to help make coverage affordable, drive down long-term health care costs, and improve care for millions of Americans, as well as to train new health care providers, address public health priorities, assist vulnerable populations, and support medical research.**

  The proposed budget proposes targeted reforms to Medicare and Medicaid that are projected to save more than $400 billion over the next decade. These reforms will improve the long term sustainability of Medicare and Medicaid by increasing the efficiency of health care delivery while enhancing the quality of care for the elderly, children, low income families, and people with disabilities.

  President Obama's proposed budget fully funds the ongoing implementation of the Affordable Care Act's health insurance coverage improvements through the operation of Health Insurance Marketplaces and the premium tax credits and cost sharing assistance to help make coverage

affordable, drive down long-term health care costs, and improve care for millions of citizens.

Other features of the HHS FY 2016 budget include:

- Fully funding Children's Health Insurance Program (CHIP), which currently serves over 8 million children of working parents who are not eligible for Medicaid.
- Expanding eligibility for home and community-based services under state plan long term care options and offering full Medicaid eligibility to medically needy individuals who access long term care services.
- Creating a pilot program to create a comprehensive Medicaid long-term care state plan option for up to five states. Participating states would be authorized to provide long-term care services across the continuum of care under one authority, creating equal access to home and community-based care and nursing facility care. This proposal works to end the institutional bias in long-term care and simplify state administration.
- An increase of $58 million, to total $185 million, within the Centers for Disease Control and Prevention and the Substance Abuse and Mental Health Services Administration for the President's *Now is the Time* initiative to make sure students and young adults get treatment for mental health issues, and provide nationwide data to better understand how and when firearms are used in violence deaths and inform future research and prevention strategies.
- Providing $5.1 billion for the Indian Health Service (IHS), an increase of $461 million over the 2015 Enacted level, which will expand both direct health care services and the Purchased/Referred Care program, as well as allow IHS to make significant progress on construction of health care clinics and sanitation facilities across Indian Country.
- Investing $4.2 billion, including $2.7 billion in new mandatory resources, in the Health Centers program in 2016 to support services for an estimated 28.6 million patients.
- Investing $810 million in 2016 and $2.1 billion from 2017-2020 in the National Health Services Corps to place and maintain 15,000 health care providers in the areas of the nation that need them most.
- Providing an additional $99 million above FY 2015 for programs across the Centers for Disease Control and Prevention, the Substance Abuse and Mental Health Services Administration, the Agency for Healthcare Research and Quality, and the Office of the National Coordinator for Health IT to decrease the rates of prescription drug abuse.
- Providing $31.3 billion to support biomedical research at NIH, providing over10,000 new NIH grants that will help us better understand the fundamental causes and mechanisms of disease. It provides increased resources for Alzheimer's, cancer and other diseases that affect millions of Americans and enhanced support for the BRAIN initiative that is helping to revolutionize our understanding of the human brain.
- Providing $1.6 billion total program resources to bolster food safety activities, including an increase of $303 million for the Food and Drug Administration to implement new safety standards under the Food Safety Modernization Act for domestic and imported foods.
- The budget includes $215 million to launch a Precision Medicine initiative that will accelerate our ability to develop prevention, diagnostic and treatment approaches tailored to individual patients.

For more details, please visit: http://www.hhs.gov/budget/index.html#brief

REPORTS/POLICIES

- **The GAO published *"Mental Health: HHS Leadership Needed to Coordinate Federal Efforts Related to Serious Mental Illness,"* (GAO-15-113) on Feb. 5, 2015.** This report

identifies the federal programs that support individuals with serious mental illness; the extent to which federal agencies coordinate these programs; and the extent to which federal agencies evaluate such programs. http://gao.gov/products/GAO-15-113

- **The GAO published *"Defense Health Care: Additional Information Needed about Mental Health Provider Staffing Needs,"* (GAO-15-184) on Jan. 30, 2015.** This report examines how staffing levels changed in response to congressional direction and how DoD and the military services assess current and future needs for mental health providers. http://www.gao.gov/assets/670/668208.pdf

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HILL HEARINGS

- 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.639** (introduced Feb. 2, 2015): To amend the Controlled Substances Act with respect to drug scheduling recommendations by the Secretary of Health and Human Services, and with respect to registration of manufacturers and distributors seeking to conduct clinical testing was referred to the Committee on Energy and Commerce, and in addition to the Committee on the Judiciary.
  Sponsor: Representative Joseph R. Pitts [PA-16]
- **H.R.667** (introduced Feb. 3, 2015): To authorize Department of Veterans Affairs health care providers to provide recommendations and opinions to veterans regarding participation in state marijuana programs was referred to the House Committee on Veterans' Affairs.
  Sponsor: Representative Earl Blumenauer [OR-3]
- **H.R.668** (introduced Feb. 3, 2015): To make clear that an agency outside of the Department of Health and Human Services may not designate, appoint, or employ special consultants, fellows, or other employees under subsection (f) or (g) of section 207 of the Public Health Service Act was referred to the House Committee on Energy and Commerce.
  Sponsor: Representative Michael C. Burgess [TX-26]
- **H.R.676** (introduced Feb. 3, 2015): To provide for comprehensive health insurance coverage for all United States residents, improved health care delivery, and for other purposes was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means, and Natural Resources.
  Sponsor: Representative John Conyers, Jr. [MI-13]

- **H.R.683** (introduced Feb. 3, 2015): To prohibit the Internal Revenue Service from hiring new employees to enforce any provision of the Patient Protection and Affordable Care Act or the Health Care and Education Reconciliation Act of 2010 was referred to the House Committee on Ways and Means.
  Sponsor: Representative J. Randy Forbes [VA-4] (introduced 2/3/2015) Cosponsors (None)
  Committees: House Ways and Means
  Latest Major Action: 2/3/2015 Referred to House committee. Status: Referred to the House Committee on Ways and Means.
- **H.R.742** (introduced Feb. 4, 2015): To amend title 10, United States Code, to ensure that women members of the Armed Forces and their families have access to the contraception they need in order to promote the health and readiness of all members of the Armed Forces, and for other purposes was referred to the House Committee on Armed Services.
  Sponsor: Representative Jackie Speier [CA-14]
- **S.336** (introduced Feb. 2, 2015): A bill to repeal the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 entirely was referred to the Committee on Finance.
  Sponsor: Senator Ted Cruz [TX]
- **S.347** (introduced Feb. 3, 2015): A bill to amend the Internal Revenue Code of 1986 to provide that the individual health insurance mandate not apply until the employer health insurance mandate is enforced without exceptions was referred to the Committee on Finance.
  Sponsor: Senator Deb Fischer [NE]
- **S.358** (introduced Feb. 4, 2015): A bill to amend title 10, United States Code, to ensure that women members of the Armed Forces and their families have access to the contraception they need in order to promote the health and readiness of all members of the Armed Forces, and for other purposes was referred to the Committee on Armed Services.
  Sponsor: Senator Jeanne Shaheen [NH]
- **S.359** (introduced Feb. 4, 2015): A bill to amend title I of the Patient Protection and Affordable Care Act to impose restrictions on the risk corridor program, and for other purposes was referred to the Committee on Health, Education, Labor, and Pensions.
  Sponsor: Senator Bill Cassidy [LA]
- **S.370** (introduced Feb. 4, 2015): A bill to require breast density reporting to physicians and patients by facilities that perform mammograms, and for other purposes was referred to the Committee on Health, Education, Labor, and Pensions.
  Sponsor: Senator Dianne Feinstein [CA]

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.hjfcp3.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/

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.