

Federal Health Update

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EXECUTIVE AND CONGRESSIONAL NEWS

- **The House and Senate are in recess until Feb. 22, 2015.**

MILITARY HEALTH CARE NEWS

- **The Department of Defense released details from President Barack Obama's proposed budget request of \$582.7 billion in discretionary budget authority to fund the Department of Defense in Fiscal Year 2017 (FY 2017).**

The FY 2017 budget of \$582.7 billion complies with the Bipartisan Budget Act of 2015, giving the department both funding stability and protection from the damage of sequestration in FY 2016 and FY 2017.

The base budget of \$523.9 billion includes an increase of \$2.2 billion over the FY 2016 enacted budget of \$521.7 billion. As specified in the budget agreement, DoD's FY 2017 overseas contingency operations budget is \$58.8 billion, nearly the same as the FY 2016 enacted level of \$58.6 billion. The combined request represents a total increase of \$2.4 billion, or less than one percent over FY 2016 enacted levels.

Some of the proposed changes to the TRICARE system include:

A simpler system that provides beneficiaries with two care alternatives and less complexity in the

health plan. TRICARE Select is an HMO-like (managed) option that is Military Treatment Facility (MTF)-centric and TRICARE Choice is a preferred provider-like (unmanaged) option offering greater choice at a modestly higher cost.

Emphasizes TRICARE Select, leveraging MTFs as the lowest cost option for care to make full use of capacity and provide needed readiness training workload for military providers.

No change for Active Duty, who would maintain priority access to health care without any cost sharing but would still require authorization for civilian care.

Copays, designed to minimize overutilization of costly care venues, will depend on beneficiary category (excluding active duty) and care venue. To facilitate the effective use of military clinics and hospitals and thereby improve the efficiency of DoD's fixed facility cost structure, MTFs would not charge copays. There would be fixed network copays for the TRICARE Choice option without a deductible.

Participation fee for retirees (not medically retired), their families, and survivors of retirees (except survivors of those who died on active duty), who would pay an annual participation fee or forfeit coverage for the plan year. No participation fee for active duty or their family members. There is a higher participation fee for those retirees choosing the TRICARE Choice option (\$200 higher).

Open season enrollment, similar to most commercial plans; participants must enroll for a 1-year period of coverage or lose the opportunity.

Catastrophic caps, which have not gone up in 10 years, would increase slightly but still remain sufficiently low to protect beneficiaries from financial hardship. The participation fee would no longer count towards the cap.

Parity with Active Duty Family Members for medically retired members and their families and survivors of those who died on active duty; no participation fee and lower cost shares.

To ensure equity among Active Duty Family Members (ADFM), the proposal offers all ADFMs a no cost care option regardless of assignment location and zero copays for ADFM ER use, including in the network.

The Department will offer a second payer option with a lower fee for those with other health insurance.

Fees and copays will be indexed at the National Health Expenditures (NHE) per capita rate.

VETERANS AFFAIRS NEWS

- **The Department of Veterans Affairs released details of President Obama's \$182.3 billion budget for the Department of Veterans Affairs (VA).**

The FY 2017 budget includes \$78.7 billion in discretionary funding, largely for health care and \$103.6 billion for mandatory benefit programs such as disability compensation and pensions. The \$78.7 billion for discretionary spending is \$3.6 billion (4.9 percent) above the 2016 enacted level, including over \$3.6 billion in medical care collections from health insurers and veteran copayments.

The budget also requests \$70.0 billion, including collections, for the 2018 advance appropriations for medical care, an increase of \$1.5 billion and 2.1 percent above the 2017 medical care budget request. The request includes \$103.9 billion in 2018 mandatory advance appropriations for Compensation and Pensions, Readjustment Benefits and Veterans Insurance and Indemnities benefits programs in the Veterans Benefits Administration.

Health Care

With a medical care budget of \$68.6 billion, including collections, VA is positioned to continue expanding health care services to its millions of veteran patients. Health care is being provided to over 922,000 veterans who served in Operation Enduring Freedom/Operation Iraqi Freedom/Operation New Dawn/Operation Inherent Resolve (OIR) and Operation Freedom's Sentinel (OFS). Major spending categories within the health care budget are:

- \$12.2 billion for care in the community;
- \$8.5 billion for long-term care;
- \$7.8 billion for mental health;
- \$1.6 billion for homeless veterans;
- \$1.5 billion for Hepatitis-C treatments;
- \$725 million for Caregivers;
- \$601 million for spinal cord injuries; and
- \$284 million for traumatic brain injuries.

Expanding Access

The President's Budget ensures 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:

- \$12.2 billion for care in the community compared to \$10.5 billion in 2015, a 16 percent increase;
- \$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;
- \$515 million for health care services specifically designed for women, an increase of 8.5 percent over the present level;
- \$836 million for the activation of new and enhanced health care facilities;
- \$900 million for major and minor construction projects, including funding for seismic corrections, two new cemeteries, and two gravesite expansions; and
- \$171 million for improved customer service by providing an integrated services delivery platform.

Improving the Efficiency of Claims Processing

The President's Budget provides for continued implementation of the Veterans Benefits Administration's (VBA) robust Transformation Plan -- a series of people, process, and technology initiatives -- in 2017. This plan will continue to systematically improve the quality and efficiency of claims processing.

Major claims transformation initiatives in the budget invest \$323 million to bring leading-edge technology to claims processing, including:

- \$180 million (\$143 million in Information Technology and \$37 million in VBA) to enhance the electronic claims processing system -- the Veterans Benefits Management System (VBMS); and
- \$143 million for Veterans Claims Intake Program (VCIP) to continue conversion of paper records, such as Veterans' medical records, into electronic images and data in VBMS.

In addition, the President's Budget supports increasing VBA's workforce to address staffing needs so it can continue to improve the delivery of benefits to Veterans. As VBA continues to receive and complete more disability compensation rating claims, the volume of non-rating

claims correspondingly increases. The request for \$54 million for 300 additional full-time equivalent employees (FTE) and claims processing support will allow VBA to provide more timely actions on non-rating claims.

Enhanced Oversight of VA's programs

The 2017 budget requests an additional \$23 million and 100 FTE for the Office of Inspector General (OIG) to enhance oversight and assist the OIG in fulfilling its statutory mission and making recommendations that will help VA improve the care and services it provides.

For more information about the VA's 2017 budget submission and links to related documents may be found [here](#). Information about the President's budget may be found [here](#).

- **The Department of Veterans Affairs' (VA) [Polytrauma System of Care \(PSC\)](#) has hit the one million mark in screening veterans for Traumatic Brain Injury (TBI), often regarded as one of the signature injuries of combat in Iraq and Afghanistan.**

TBI symptoms such as severe headaches, memory loss, reduced executive functioning, and tinnitus can range from manageable to seriously disabling, potentially limiting a Veteran's ability to work and manage daily living. Screening Veterans for TBI and helping them to deal with the condition is one of the central programs of PSC.

Started in May 2005, PSC provides comprehensive and coordinated rehabilitative care to veterans with life-changing injuries, including TBI, limb loss, blindness, hearing loss and tinnitus, among others. PSC also assists with community re-entry needs. It is fully coordinated with the Department of Defense to ensure uninterrupted, seamless health care transition for those that served on active duty.

Over these past 10 years, many service members have returned home with injuries that would not have been survivable in previous conflicts. Today, they not only survive, they thrive, in large part due to PSC, a thoroughly veteran-centric VA program.

VA employees created PSC to address the need for a comprehensive multi-disciplinary system of care to help Veterans suffering with two or more injuries considered disabling physical and psychological impairments, such as blast injuries and traumatic amputations. PSC patients have sustained injuries affecting multiple body parts that result in physical, cognitive, psychological, and functional disabilities. Frequently, Traumatic Brain Injury (TBI) occurs in Polytrauma patients, as does Posttraumatic Stress Disorder (PTSD), and other mental health problems.

VA has 110 [Polytrauma rehabilitation sites across the country](#), including 5 Polytrauma Rehabilitation Centers (comprehensive inpatient rehabilitation); 23 Polytrauma Network Sites (comprehensive outpatient rehabilitation); and 87 Polytrauma Support Clinic Teams (comprehensive outpatient rehabilitations). Services available through PCS include interdisciplinary evaluation and treatment, development of a comprehensive plan of care, case management, patient and family education and training, psychosocial support, and use of advanced rehabilitation treatments and prosthetic technologies.

For more information about the Polytrauma System of Care, visit www.polytrauma.va.gov/. A VA blog post featuring Polytrauma System of Care may be found [here](#).

GENERAL HEALTH CARE NEWS

- **The Department of Health and Human Services released President Obama's fiscal year 2017 budget for the Department.**

The President's FY 2017 Budget provides \$82.8 billion in discretionary funding for the Department of Health and Human Services to continue and to expand critical investments that protect the health and wellbeing of the American people. This includes:

Keeping People Safe and Healthy: This Budget makes robust investments in the safety and health of all Americans, particularly those at key stages of life by -

- Increasing access to early intervention mental and behavioral health programs, expanding the behavioral health workforce and supporting suicide prevention.
- Addressing opioid abuse, misuse, and overdose through a \$1 billion initiative to expand access to treatment.
- Continuing to expand the nation's ability to fight antibiotic resistance through targeted interventions and research.
- Supporting emergency preparedness and response, by bringing the U.S. and world partners together around natural and man-made threats, disasters, outbreaks and epidemics.
- Maintaining historic investments in Head Start and increasing the number of children attending programs of longer duration.
- Making landmark investments in child care by increasing the number of children served, investing in the quality of the child care workforce, and implementing new health and safety requirements.

Leading in Scientific Research and Medical Innovation: Scientific, technological, and medical breakthroughs are crucial for American success in the 21st century, and this Budget makes investments to maintain America's position at the forefront of these efforts by -

- Supporting the Vice President's Cancer Moonshot to improve understanding of the causes of cancer, develop new prevention strategies, improve early detection, diagnosis, and treatment and modernize regulatory pathways.
- Continuing to scale up the Precision Medicine Initiative and a dedicated research cohort of a million or more individuals.
- Supporting research such as the Brain Research through Advancing Innovative Neurotechnologies (BRAIN) initiative, and Agency for Healthcare Research and Quality efforts to build an evidence base to drive systemic health care improvement.

Expanding and Strengthening our Health Care System: Building on the success of the Affordable Care Act and other initiatives, this Budget maintains efforts to expand access to coverage, increase capacity, and build a better, smarter, healthier health care delivery system by:

- Supporting the operation of Health Insurance Marketplaces to make quality coverage affordable, and encouraging states to expand their Medicaid programs.
- Building a better, smarter, healthier health care system by incentivizing quality, rather than quantity of services, and promoting information sharing.
- Building on HHS's ongoing work to reduce the rising cost of prescription drugs, without discouraging important and lifesaving innovations.

Reforms:

- Targeted reforms to Medicare, Medicaid and other health programs that are projected to save roughly \$375 billion over the next decade.

For more information please visit: <http://www.hhs.gov/about/budget/index.html>

- **The Department of Health and Human Services (HHS) announced proposed revisions to the Confidentiality of Alcohol and Drug Abuse Patient Records regulations, 42 CFR Part 2.**

The goal of the proposed changes, published in the Feb. 9, 2016 [Federal Register](#), is to facilitate information exchange within new health care models while addressing the legitimate privacy concerns of patients seeking treatment for a substance use disorder.

The current rules governing the confidentiality of substance use disorder records, often referred to as “Part 2,” were promulgated in 1975, during a time of great concern that the potential use of substance use disorder treatment information in criminal prosecutions would deter individuals from seeking needed treatment. These rules were last substantively updated in 1987.

HHS is proposing to modernize the existing rules because new models are built on a foundation of information sharing to support coordination of patient care; the development of an electronic infrastructure for managing and exchanging patient data; and an increased focus on performance measurement and quality improvement within the health care system. HHS wants to ensure that patients with substance use disorders have the ability to participate in new integrated health care models without adverse consequences that could result from inappropriate disclosure of patient records.

Due to its targeted population, the Part 2 rules provide more stringent federal protections for patients with substance use disorders records than most other health privacy laws, including the Health Insurance Portability and Accountability Act (HIPAA).

Comments must be received no later than 5 p.m. on April 11, 2016. All comments received by that deadline will be considered by SAMHSA.

- **The Centers for Disease Control and Prevention published a [supplement to the CDC Health Disparities and Inequalities Report](#), highlighting programs that reduce disparities by race/ethnicity, geography, disability, and/or sexual orientation across a range of different health conditions.**

The eight programs reported in the current supplement include:

- A report on the Traditional Foods Project. During 2010–2012, American Indian and Alaska Native adults were about twice as likely to be diagnosed with type 2 diabetes as non-Hispanic whites. The experiences of this tribally driven effort suggest that traditional food activities are a way to facilitate dialogue about health in tribal communities, a key step in health promotion and diabetes prevention.
- A description of Boston Children’s Hospital’s Community Asthma Initiative. Black and Hispanic children are hospitalized with complications of asthma much more often than are white children. The program demonstrates that interventions by community health workers can significantly reduce hospitalizations in these populations. This effective program has been adapted to local cultural variations in other cities and states.
- A report on evidence-based interventions to improve levels of screening for colorectal cancer in two states, in Alaska (among Alaska Natives) and in Washington (among racial and ethnic minority and low-income populations).
- A report documenting the reduction of disparities in hepatitis A virus (HAV) infection in the United States following incremental changes in hepatitis A vaccination recommendations to increase coverage for children and persons at high risk for HAV infection
- Two reports outlining HIV prevention interventions shown to reduce HIV- and STD-related risk behaviors among Hispanic or Latino men and high-risk men who have sex

with men, including substance users

- A report describing three community-level interventions linked to reductions in youth violence.
- An evaluation of the Living Well with a Disability program, which helps people with disabilities manage their health.

For more information about health disparities visit the [CDC's Office of Minority Health and Health Equity site](#).

REPORTS/POLICIES

- **The GAO published “Veterans' Health Care: Preliminary Observations on VHA's Claims Processing Delays and Efforts to Improve the Timeliness of Payments to Community Providers,” (GAO-16-380T) on Feb. 11, 2016.** This report summarizes GAO's preliminary observations about VHA's, Medicare's, and TRICARE's claims processing timeliness in fiscal year 2015; factors that have impeded VHA's timeliness in processing claims; community providers' experiences; and (4) VHA's recent actions and plans to improve its claims processing and payment timeliness. <http://www.gao.gov/assets/680/675136.pdf>
- **The GAO published “VA's Health Care Budget: Preliminary Observations on Efforts to Improve Tracking of Obligations and Projected Utilization,” (GAO-16-374T) on Feb. 10, 2016.** This report provides preliminary observations on the activities or programs that accounted for VA's fiscal year 2015 projected funding gap in its medical services appropriation account; and changes VA has made to prevent potential funding gaps in future years. <http://www.gao.gov/assets/680/675076.pdf>

HILL HEARINGS

- There are no hearings scheduled this week.

LEGISLATION

- **H.R.4513** (introduced Feb. 9, 2016): To authorize the Secretary of Veterans Affairs to make grants to State and local entities to carry out peer-to-peer mental health programs was referred to the House Committee on Veterans' Affairs.
Sponsor: Representative Lee M. Zeldinn [NY-1]
- **H.R.4525** (introduced Feb. 10, 2016): To make a supplemental appropriation for the Public Health Emergency Fund, and for other purposes was referred to the Committee on Appropriations, and in addition to the Committee on the Budget.
Sponsor: Representative Rosa L. DeLauro [CT-3].
- **S.2512** (introduced Feb.8, 2016): Adding Zika Virus to the FDA Priority Review Voucher Program Act was referred to the Committee on Health, Education, Labor, and Pensions.
Sponsor: Senator Al Franken [MN]

- **S.2518** (introduced Feb. 9, 2016): The *Zika Response and Safety Act of 2016* was referred to the Committee on Health, Education, Labor, and Pensions
Sponsor: Senator Ron Johnson [WI]
- **S.2519** (introduced Feb. 9, 2016): A bill to provide for incentives to encourage health insurance coverage, and for other purposes was referred to the Committee on Finance.
Sponsor: Senator John McCain [AZ] .
- **S.2525** (introduced Feb. 9, 2016): Expand Excellence in Mental Health Act was referred to the Committee on Finance
Sponsor: Senator Debbie Stabenow [MI]
- **S.2527** (introduced Feb. 10, 2016): A bill to amend title 38, United States Code, to improve the mental health treatment provided by the Secretary of Veterans Affairs to veterans who served in classified missions was referred to the Committee on Veterans' Affairs.
Sponsor: Senator Jon Tester [MT]

MEETINGS

- The Heroes of Military Medicine Awards will be held on **May 5, 2016**, in Washington D.C.
<http://www.hjfc3.org/heroes-dinner>

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.