

Federal Health Update

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EXECUTIVE AND CONGRESSIONAL NEWS

- **The Senate voted to confirm former Senator Chuck Hagel to be the next Secretary of Defense on Feb. 26, 2013.**
- **The Senate failed to pass both Republican and Democratic bills designed to avoid the \$85 billion across-the-board spending cuts mandated by Sequestration.**

The Democratic bill would have replaced the cuts through 2013 with a combination of a minimum 30 percent tax on millionaires and cuts to defense and farm programs. It failed 51-49.

The Republican bill would have given President Obama authority to determine how to implement \$85 billion in cuts instead of the across-the-board spending cut affecting most reaches of the federal government. The sequester exempts military personnel accounts and the social safety net including Social Security and Medicare. This bill also failed (38-62).

Both proposals needed a 60-vote super majority to pass.

The sequester cuts are scheduled to begin March 1, with \$85 billion in cuts scheduled through Sept. 30. In total, sequester will cut \$1.2 trillion in spending across the federal government over the next decade if left untouched.

- **During a House Veterans Affairs Committee hearing, Elizabeth McGrath, deputy**

chief management officer for Defense, said the department will conduct an analysis of VA's Veterans Health Information Systems and Technology Architecture (VistA) along with commercial systems for its next generation HER.

Dr. Jonathan Woodson, assistant secretary of Defense for health affairs, also testified, saying he is concerned that VA might not be able to provide the kind of support Defense would receive from a commercial vendor.

Committee Chairman Rep. Jeff Miller said he has traveled to combat hospitals in Afghanistan and talked to military clinicians who said they would prefer to use VistA, rather than AHLTA, the Defense Department's electronic health record.

When Defense and VA abandoned the integrated EHR on Feb. 6, then Secretary of Defense Leon Panetta cited cost as the key factor in the decision to drop the project, while supporting the use of key, joint services already in development, such as a common data dictionary and the Janus graphical user interface.

VA Chief Information Officer Roger Baker said in his testimony that he viewed the adoption of a single data dictionary as the "single most important" outcome of the aborted iEHR process because it will help foster the exchange of health care information between the two departments.

MILITARY HEALTH CARE NEWS

- **The Department of Defense published a message to Defense personnel from the Secretary of Defense Chuck Hagel, outlining his vision for the future of the Department.**

To read the message, please visit:

<http://www.defense.gov/releases/release.aspx?releaseid=15837>

To read Secretary of Defense Leon Panetta's farewell message, please visit:

<http://www.defense.gov/releases/release.aspx?releaseid=15834>

- **Consumers rated TRICARE as the top-ranked health plan for customer experience, according to Temkin Group, a customer experience research and consulting firm.**

Temkin Group asked 10,000 U.S. consumers to rate their customer experiences on a scale of 1-to-7, in terms of being functional, accessible and emotional. Temkin limited the analysis to 246 companies, each of which included responses from 100 or more consumers. USAA was the top-ranked P&C insurer, and TRICARE was the top-ranked health plan

TRICARE, Kaiser Permanente, and USAA outperformed their industry averages by more than 10 points, the survey found.

Temkin Group identified four competencies companies must master to build and sustain customer experience leadership:

- Purposeful Leadership: Operate consistently with a clear set of values
- Employee Engagement: Align employees with the goals of the organization

- Compelling Brand Values: Deliver on your brand promises to customers
- Customer Connectedness: Infuse customer insight across the organization.

Overall, health plans were found to functionally “OK,” slightly below that for accessibility and fell below that mark for emotional connection. Insurance carriers were deemed “OK or better” in functionality and accessibility, but also fell short for emotional connection.

- **USA Today reports that the budget cuts, mandated by the Sequester, could increase costs for military health care.**

According to the military services, the announced are furloughs for civilian personnel would include medical personnel, requiring TRICARE beneficiaries to see private doctors, which may cost more than the existing program.

Vice Adm. Matthew Nathan, Navy surgeon general, wrote in a recent message to sailors that "Navy Medicine will not and cannot hang a 'closed' sign at the front door of our facilities. We will work ... to refer care as necessary, also recognizing that referring out care does not save money in the long run." The Navy estimates that 12,000 civilian medical providers could face layoffs.

The Army Surgeon General's Office issued a statement on Feb. 27, saying that includes laying off 34,200 doctors, nurses and other medical personnel. The service has requested exceptions for up to 10 percent of its civilian medical force who work in crucial areas such as critical patient care, behavioral health, care of wounded service members, medical retirement evaluations and food and water safety. It may also reduce medical clinic operation hours or days.

About one in five medical workers at the Air Force's 75 treatment facilities are civilians who are facing layoffs, according to the Air Force Surgeon General's Office.

- **Navy Surgeon General Admiral Nathan announced that the new Defense Health Agency (DHA) will be established in October 2013.**

In comments to the Recovering Warrior Task Force on Feb 27, Nathan said Walter Reed National Military Medical Center (NMMC) and Ft. Belvoir Community Hospital will no longer be medical commands but would become field agencies under DHA. Nathan said that this move is part of a larger effort to save money within the Defense Health Program (DHP).

According to Nathan, moving to the DHA will enable DoD to reduce redundancies across the Services: education & training; R&D; pharmacy; acquisition; logistics; credentialing; and so on. In all, the DHA will take responsibility for ten services in support of the individual Service health departments. The idea is to create an agency similar to the Defense Logistics Agency, which supports all of the Services. The DHA will perform these services, and give them back to the Services.

A new three-star position will be created to run the DHA.

Six Multi-Service Market Organizations (MSMOs) will also be created around the world in locations where the Services all operate. This will enable the DHA to move resources

around the region to retain as much care in-house as possible.

VETERANS AFFAIRS NEWS

- **The Department of Veterans Affairs (VA) and the Department of Health and Human Services have joined forces to promote the Million Hearts™ campaign — a national initiative that has set a goal of preventing one million heart attacks and strokes over five years.**

The Million Hearts™ campaign encourages a targeted focus on the “**ABCS**” – **A**spirin for people at risk, **B**lood pressure control, **C**holesterol management, and **S**moking cessation — all of which address the major risk factors for cardiovascular disease and can prevent heart attacks and strokes.

VA has tobacco use cessation clinicians at each VA facility, as well as dietitians who are available to provide nutrition counseling. MOVE! — VA’s national weight management program — is helping veterans lose weight and keep it off. VA pharmacists are talking to their patients about the importance of staying on blood pressure medications and controlling their hypertension.

Many veterans in VA primary care population have chronic conditions, and many have multiple diagnoses. Of this population, 52 percent have hypertension, 36 percent have obesity, 24 percent have diabetes, and 18 percent have coronary heart disease.

VA’s increased focus on helping patients quit smoking, lose weight, eat healthier and become more physically active, will enhance the successful tobacco and alcohol intervention programs already in place, and help veterans achieve greater success.

GENERAL HEALTH CARE NEWS

- **Dr. C. Everett Koop, the 13th surgeon general of the United States, died on Feb. 21, at his home in Hanover, N.H. He was 96.**

Koop, appointed by President Ronald Reagan in 1981, served eight years and is considered the most influential surgeon general in American history, playing a critical role in changing public attitudes about smoking.

When Dr. Koop took office, 33 percent of Americans smoked; when he left, the percentage had dropped to 26. By 1987, 40 states had restricted smoking in public places, 33 had prohibited it on public conveyances and 17 had banned it in offices and other work sites. More than 800 local antismoking ordinances had been passed, and the federal government had restricted smoking in 6,800 federal buildings. Antismoking campaigns by private groups like the American Lung Association and the American Heart Association had accelerated.

Beyond the issue of smoking, Koop was instrumental in getting the United States government to fight AIDS more aggressively. His efforts helped to educate Americans about AIDS, and identify H.I.V. and develop a blood test to detect it.

- **The U.S. Department of Health and Human Services (HHS) issued a final rule that implements five key consumer protections from the Affordable Care Act, and makes the health insurance market work better for individuals, families, and small**

businesses.

Under these reforms, all individuals and employers have the right to purchase health insurance coverage regardless of health status. In addition, insurers are prevented from charging discriminatory rates to individuals and small employers based on factors such as health status or gender, and young adults have additional affordable coverage options under catastrophic plans.

The final rule implements provisions of the Affordable Care Act that are applicable to non-grandfathered health plans:

- **Guaranteed Availability** Nearly all health insurance companies offering coverage to individuals and employers will be required to sell health insurance policies to all consumers. No one can be denied health insurance because they have or had an illness.
- **Fair Health Insurance Premiums** Health insurance companies offering coverage to individuals and small employers will only be allowed to vary premiums based on age, tobacco use, family size, and geography. Basing premiums on other factors will be illegal. The factors that are no longer permitted in 2014 include health status, past insurance claims, gender, occupation, how long an individual has held a policy, or size of the small employer.
- **Guaranteed Renewability** Health insurance companies will no longer refuse to renew coverage because an individual or an employee has become sick. You may renew your coverage at your option.
- **Single Risk Pool** Health insurance companies will no longer be able to charge higher premiums to higher cost enrollees by moving them into separate risk pools. Insurers are required to maintain a single state-wide risk pool for the individual market and single state-wide risk pool for the small group market.
- **Catastrophic Plans** Young adults and people for whom coverage would otherwise be unaffordable will have access to a catastrophic plan in the individual market. Catastrophic plans generally will have lower premiums, protect against high out-of-pocket costs, and cover recommended preventive services without cost sharing.

In preparation for the market changes in 2014 and to streamline data collection for insurers and states, the final rule amends certain provisions of the rate review program. HHS also has increased the transparency by directing insurance companies in every state to report on all rate increase requests.

For the full text of the proposed rule, please visit: <http://www.ofr.gov/inspection.aspx>.

- **The number of pregnant and breastfeeding women in Malawi with HIV who started life-saving antiretroviral treatment increased by more than 700 percent in one year, according to a study in CDC's *Morbidity and Mortality Weekly Report*.**

The new treatment option, called Option B+, offers all pregnant or breastfeeding women infected with HIV lifelong antiretroviral treatment (ART), regardless of the stage of their HIV infection.

ART reduces mother-to-child HIV transmission rates to less than 5 percent, maintains a mother's health, and prevents transmission of the virus during future pregnancies. Other approaches to prevention of mother-to-child transmission (Option A and Option B) base

the decision to start lifelong ART on the stage of a woman's HIV infection. Women not yet eligible for lifelong ART are offered other antiretroviral medications to prevent HIV transmission to their infants. Determining eligibility for lifelong ART requires laboratory tests which can be difficult to access in settings like Malawi with limited equipment and other resources.

In Malawi, treatment through Option B+ reduced barriers to women receiving life-saving medications. Option B+ enabled women to receive ART and prenatal care in the same clinic, and required only a positive rapid HIV test result to initiate treatments. While Malawi was the first country to adopt Option B+, Rwanda, Uganda, and Haiti have also adopted it.

The Malawi Ministry of Health implemented Option B+ in 2011. The number of women initiated on ART increased from 1,257 in 2011 (prior to Option B+) to 10,663 in 2012 (one year after implementation)—a 748 percent increase. The percent of pregnant and breastfeeding women who remained on Option B+ twelve months after initiation (77 percent) was similar to the 12-month ART retention rate among adults who initiated ART prior to Option B+ implementation (80 percent).

- **The U.S. Food and Drug Administration approved Kadcyra (ado-trastuzumab emtansine), a new therapy for patients with HER2-positive, late-stage (metastatic) breast cancer.**

Breast cancer is the second leading cause of cancer-related death among women. An estimated 232,340 women will be diagnosed with breast cancer, and 39,620 will die from the disease in 2013, according to the National Cancer Institute. Almost 20 percent of breast cancers have increased amounts of the HER2 protein.

HER2 is a protein involved in normal cell growth. It is found in increased amounts on some types of cancer cells (HER2-positive), including some breast cancers. In these HER2-positive breast cancers, the increased amount of the HER2 protein contributes to cancer cell growth and survival.

Kadcyra is intended for patients who were previously treated with trastuzumab, another anti-HER2 therapy, and taxanes, a class of chemotherapy drugs commonly used for the treatment of breast cancer.

Referred to as T-DM1 during clinical research, Kadcyra was reviewed under the FDA's priority review program, which provides for an expedited six-month review of drugs that may provide safe and effective therapy when no satisfactory alternative therapy exists, or offer significant improvement compared to marketed products.

Kadcyra is being approved with a Boxed Warning alerting patients and health care professionals that the drug can cause liver toxicity, heart toxicity and death. The drug can also cause severe life-threatening birth defects, and pregnancy status should be verified prior to starting Kadcyra treatment.

REPORTS/POLICIES

- **The GAO published “Combating Autism Act: HHS Agencies Responded with New and Continuing Activities, Including Oversight,” (GAO-13-232) on Feb. 27, 2013.** In this report, GAO describes the actions that HHS agencies have taken as a result of the

Combating Autism Act of 2006 (CAA), and examines the oversight of CAA grantees. <http://www.gao.gov/assets/660/652356.pdf>

- **The GAO published “*Electronic Health Records: Long History of Management Challenges Raises Concerns about VA’s and DoD’s New Approach to Sharing Health Information*,” (GAO-13-413T) on Feb. 27, 2013.** This report examines the departments’ efforts, and challenges faced, in electronically sharing health information, and the recent change in their approach to developing an integrated electronic health record. <http://www.gao.gov/assets/660/652413.pdf>

HILL HEARINGS

- 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).
- The Senate Veterans Affairs Committee will hold a hearing on **March 1, 2013**, to examine Veterans’ Affairs (VA) claims process, focusing on a review of Veterans’ Affairs transformation efforts.
- The Senate Armed Services Committee will hold a hearing on **April 11, 2013**, to examine the Department of the Air Force in review of the Defense Authorization Request for fiscal year 2014 and the Future Years Defense Program; with the possibility of a closed session in SVC-217 following the open session.
- The Senate Armed Services Committee will hold a hearing on **April 25, 2013**, to examine the Department of the Navy in review of the Defense Authorization Request for fiscal year 2014 and the Future Years Defense Program; with the possibility of a closed session in SVC-217 following the open session.

LEGISLATION

- **H.R.811** (introduced Feb. 25, 2013): To add the 9/11 Health and Compensation Programs to the list of exempt programs under PAYGO was referred to the House Committee on the Budget.
Sponsor: Representative Peter T. King [NY-2].
- **H.R.842** (introduced Feb. 26, 2013): To expand the research activities of the National Institutes of Health with respect to functional gastrointestinal and motility disorders, and for other purposes was referred to the House Committee on Energy and Commerce.
Sponsor: Representative F. James Sensenbrenner, Jr. [WI-5]
- **S.13** (introduced Feb. 26, 2013): A bill to authorize the Secretary of Health and Human Services, acting through the Administrator of the Health Resources and Services Administration, to award grants on a competitive basis to public and private entities to provide qualified sexual risk avoidance education to youth and their parents was referred to the Committee on Health, Education, Labor, and Pensions.

Sponsor: Senator Lindsey Graham [SC].

- **S.377** (introduced Feb. 25, 2013): A bill to add the 9/11 Health and Compensation Programs to the list of exempt programs under PAYGO was referred to the Committee on the Budget.

Sponsor: Senator Kirsten E. Gillibrand [NY]

- **S.380** (introduced Feb. 26, 2013): A bill to amend the Public Health Service Act to reauthorize and update the National Child Traumatic Stress Initiative for grants to address the problems of individuals who experience trauma and violence related stress was referred to the Committee on Health, Education, Labor, and Pensions.

Sponsor: Senator Patty Murray [WA]

- **S.385** (introduced Feb. 26, 2013): A bill to deem the submission of certain claims to an Indian Health Service contracting officer as timely was referred to the Committee on Indian Affairs.

Sponsor: Senator Mark Begich [AK]

MEETINGS

- 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>

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