Federal Health Update

MARCH 11, 2016

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

EXECUTIVE AND CONGRESSIONAL NEWS

- **On March 10, 2016, Rep. Jeff Miller (FL-R), chairman of the House Veterans' Affairs Committee, announced his retirement from the House at the end of the current term.**

  Miller, who was first elected to the Florida House of Representatives in 1998 and then to the U.S. House of Representatives in 2001, also serves on the House Armed Services Committee and the House Permanent Select Committee on Intelligence.

- **The Senate Appropriations Subcommittee on Defense held a budget hearing on March 9, 2016, examining the Defense Health Program (DHP).**

  This is an important hearing, as lawmakers have announced their intention to significantly reform the Military Health System (MHS) this year.

  The Service Surgeons General and Chris Miller, program executive officer, Defense Healthcare Management Systems (DHMS), testified about the strengths of the medical program. Committee members asked about the high tobacco use of service members, the high rate of substance abuse among service members and veterans, the fraud uncovered around some compound, and challenges for service members and veterans accessing mental health providers.

MILITARY HEALTH CARE NEWS

- **The Department of Defense announced the induction of three new members to the Defense Advisory Committee on Women in the Services (DACOWITS).**

  Previously comprised of 17 members, the DACOWITS charter authorizes a total of 20 committee members.
  The incoming members are as follows:

  - Retired Marine Corps Colonel John Boggs, Phoenix, Arizona
  - Retired Air Force Major General Sharon Dunbar, Alexandria, Virginia
  - Retired Air Force General Janet Wolfenbarger, Dayton, Ohio

  DACOWITS members include prominent civilian women and men representing a distribution of demography, academia, industry, public service and other professions. Selection is on the basis of experience in the military or with women's-related workforce issues.

  Members are selected for a four-year term, without compensation, to perform a variety of duties including visiting military installations each year, conducting a review and evaluation of current research on military women, and developing an annual report with recommendations on these issues for service leadership and the secretary of defense.

  DACOWITS, established during the Korean War in 1951 by Secretary of Defense George C. Marshall, is an independent advisory committee that provides the department with advice and recommendations on matters and policies relating to the recruitment and retention, treatment, employment, integration, and well-being of highly qualified professional women in the Armed Forces.

  More information about DACOWITS can be found at http://dacowits.defense.gov/.

- **Four U.S. Senators wrote a letter to Secretary of Defense Ash Carter to postpone cuts to reimbursement rates for Applied Behavior Benefits (ABA) therapy for TRICARE beneficiaries with Autism Spectrum Disorder, which become effective March 30.**

  The cuts would result in ABA services being restricted for more than 26,000 children of military personnel who have autism.

  The bi-partisan letter was sent to Defense Secretary Ashton Carter and is signed by Sen. Thom Tillis, R-North Carolina; Sen. Kirsten Gillibrand, D-New York; Sen. Amy Klobuchar, D-Minnesota; and Sen. Jerry Moran, R-Kansas

  “We ask that the proposed ABA reimbursement rate reductions prescribed by the DHA be immediately postponed pending careful re-evaluation of the existing research on reimbursement rates, and consideration of additional rigorous study, particularly with regard to reimbursements for paraprofessionals,” the senators wrote. “We urge that (Carter) take this action immediately before providers leave the TRICARE ABA services market and begin to no longer accept new TRICARE eligible ABA therapy patients. The children of our service men and women deserve nothing less.”

- **The *Federal Times* interviewed Navy Vice Adm. Raquel Bono, director of the Defense Health Agency, about new TRICARE initiatives at the HIMSS Annual Conference.**

  Bono described the new HMO-style and preferred provider programs for military beneficiaries,

called Tricare Select and Tricare Choice, respectively; talked about some of the advances in interoperability between the VA and DoD; and offered DHA's 2016 goals.

"We want to become more responsive to their needs and to be able to provide them with products so they can continue to do the things that are very specific to the Army, Air Force, Navy and military services. The other thing we are looking at is how we can mature our capabilities to be more supportive of the combatant commanders as a combat support agency. And underlying that is optimizing our internal operations and taking a look at our personnel, our infrastructure, our processes and making sure everyone has an opportunity to contribute at the top of their game," said Bono.

To read the full interview, please visit: http://www.federaltimes.com/story/government/interview/one-one/2016/03/04/dha-chief-talks-tricare-reforms-dhmsm-progress/81303014/.

VETERANS AFFAIRS NEWS

- **The Department of Veterans Affairs (VA) announced that it is now able to fund care for all veterans with hepatitis C for Fiscal Year 2016 regardless of the stage of the patient's liver disease.**

  The move follows increased funding from Congress along with reduced drug prices.

  VA has long led the country in screening for and treating hepatitis C. VA has treated over 76,000 veterans infected with hepatitis C and approximately 60,000 have been cured. In addition, since the beginning of 2014, more than 42,000 patients have been treated with the new highly effective antivirals. In fiscal year 2015, VA allocated $696 million for new hepatitis C drugs (17 percent of the VA's total pharmacy budget) and in fiscal year 2016, VA anticipates spending approximately $1 billion on hepatitis C drugs. VA expects that with the expansion, many more Veterans will be started on hepatitis C treatment every week this fiscal year.

  In addition to furnishing clinical care to veterans with hepatitis C, VA Research continues to expand the knowledge base regarding the disease through scientific studies focused on effective care, screening, and healthcare delivery including to female veterans and veterans with complicated medical conditions in addition to hepatitis C.

  For additional information on Hepatitis C treatments veterans can log onto http://www.hepatitis.va.gov/patient/hcv/index.asp**.**

- **The Department of Veterans Affairs (VA) announced new steps it is taking to reduce veteran suicide.**

  Several changes and initiatives are being announced that strengthen VA's approach to suicide prevention. They include:

  - Elevating VA's Suicide Prevention Program with additional resources to manage and strengthen current programs and initiatives;
  - Meeting urgent mental health needs by providing Veterans with the goal of same-day evaluations and access by the end of calendar year 2016;
  - Establishing a new standard of care by using measures of Veteran-reported symptoms to tailor mental health treatments to individual needs;
  - Launching a new study, *"Coming Home from Afghanistan and Iraq,"* to look at the impact

of deployment and combat as it relates to suicide, mental health and well-being;

- Using predictive modeling to guide early interventions for suicide prevention;
- Using data on suicide attempts and overdoses for surveillance to guide strategies to prevent suicide;
- Increasing the availability of naloxone rescue kits throughout VA to prevent deaths from opioid overdoses;
- Enhancing veteran mental health access by establishing three regional tele-mental health hubs; and
- Continuing to partner with the Department of Defense on suicide prevention and other efforts for a seamless transition from military service to civilian life.

For information about VA initiatives to prevent veteran suicide, visit www.mentalhealth.va.gov/suicide_prevention/.

- **The Department of Veterans Affairs (VA) today announced the awarding of 21 contracts worth up to $22.3 billion for information technology infrastructure improvements, cyber security and operations and network management.**

  The awards are part of VA's Transformation Twenty-One Total Technology Next Generation acquisition program, also known as T4NG. Specifically, T4NG will deliver contractor-provided information technology service solutions, including technical support; program management; strategy planning; systems/software engineering; enterprise network engineering; cyber security; among other IT- and health-related IT requirements. The T4NG contract awards support the Department's MyVA transformation effort, improving the way VA serves Veterans.

  Ten awards were made to Service-Disabled Veteran Owned Small Businesses (SDVOSBs), two awards were made to small businesses and nine awards were made to large businesses. To view the specific awards, please visit: http://www.va.gov/opa/pressrel/pressrelease.cfm?id=2760

  T4NG is a Multi-Agency (MAC) Indefinite Delivery/Indefinite Quantity (IDIQ) Multiple Award Task Order (MATO) contract with a base ordering period of 5 years and one 5-year option period, with a program ceiling of $22.3 billion. The contract is being managed by VA's Technology Acquisition Center in Eatontown, New Jersey.

GENERAL HEALTH CARE NEWS

- **The overall cancer death rates for both sexes combined decreased by 1.5 percent per year from 2003 to 2012, according to the Centers for Disease Control and Prevention.**

  Incidence rates — new cancer cases that are diagnosed per 100,000 people in the U.S. — decreased among men and remained stable for women between 2003 and 2012.

  The ongoing drop in cancer incidence in most racial and ethnic groups is due, in large part, to progress in prevention and early detection. Fewer deaths from cancer in those same groups may also reflect better treatments. Tobacco control efforts have contributed to lower rates of lung cancer, the leading cause of cancer death in both men and women, as well as many other types of cancer.

  The report also examines trends in liver cancer. In contrast to the trends for most other cancers among both men and women, death rates due to liver cancer have increased the most compared with all cancer sites, and liver cancer incidence rates have also increased sharply.

Key findings on liver cancer:

- From 2008 to 2012, liver cancer incidence increased an average of 2.3 percent per year overall, and the liver cancer-related death rate increased by an average of 2.8 percent per year among men and 3.4 percent per year among women.
- In all racial and ethnic populations, about twice as many men as women were diagnosed with liver cancer.
- Between 2008 and 2012, liver cancer incidence rates were highest among non-Hispanic American Indian/Alaska Native men followed by non-Hispanic Asian/Pacific Islander men.
- Hepatitis C and liver cancer-associated death rates were highest among those born in 1945-1965; these also represent the majority of Americans with hepatitis C infection.

The authors noted that, in the United States, a major contributing factor to liver cancer is hepatitis C virus (HCV) infection. A little more than 20 percent of the most common liver cancers are attributed to HCV infection. Compared with other adults, people born during 1945-1965 have a six times greater risk of HCV infection. CDC recommends all people born during 1945-1965 receive a one-time test for HCV. Diagnosis of HCV, followed by treatment, can greatly reduce the risk of liver cancer.

Hepatitis B virus (HBV) infection also increases the risk for liver cancer. HBV is a common risk factor for liver cancer for Asian/Pacific Islander populations, especially among Asians not born in the United States, and CDC recommends universal HBV testing for this population. Fortunately, rates of HBV infection are declining worldwide due to increases in hepatitis B vaccination of children beginning at birth.

Obesity and type 2 diabetes can cause cirrhosis, or scarring of the liver, which can progress to liver cancer and is associated with excessive alcohol use; from 8 to 16 percent of liver cancer deaths are attributed to excessive alcohol use.

The Report to the Nation is released each year in a collaborative effort by the American Cancer Society, the Centers for Disease Control and Prevention, the National Cancer Institute, and the North American Association of Central Cancer Registries.

- **The Centers for Medicare & Medicaid Services (CMS) announced a proposed rule to test new models to improve how Medicare Part B pays for prescription drugs and supports physicians and other clinicians in delivering higher quality care.**

Medicare Part B covers prescription drugs that are administered in a physician's office or hospital outpatient department, such as cancer medications, injectables like antibiotics, or eye care treatments. The proposed Medicare Part B Model would test new ways to support physicians and other clinicians as they choose the drug that is right for their patients.

The proposed rule is designed to test different physician and patient incentives to do two things: drive the prescribing of the most effective drugs, and test new payment approaches to reward positive patient outcomes. Among the approaches to be tested are the elimination of certain incentives that work against the selection of high performing drugs, as well as the creation of positive incentives for the selection high performing drugs, including reducing or eliminating patient cost sharing to improve patients' access and appropriate use of effective drugs.

Prescription drug spending in the U.S. was about $457 billion in 2015, or 16.7 percent of overall health spending, according to a report also released today. In 2015, Medicare Part B spent $20 billion on outpatient drugs administered by physicians and hospital outpatient departments.

The proposed rule seeks comments on testing six different alternative approaches for Part B drugs to improve outcomes and align incentives to improve quality of care and spend dollars wisely; these include:

- **Improving incentives for best clinical care.** Physicians often can choose among several drugs to treat a patient, and the current Medicare Part B drug payment methodology can penalize doctors for selecting lower-cost drugs, even when these drugs are as good or better for patients based on the evidence. Today, Medicare Part B generally pays physicians and hospital outpatient departments the average sales price of a drug, plus a 6 percent add-on. The proposed model would test whether changing the add-on payment to 2.5 percent plus a flat fee payment of $16.80 per drug per day changes prescribing incentives and leads to improved quality and value. The proposed change to the add-on payment is budget neutral.
- **Discounting or eliminating patient cost-sharing.** Patients are often required to pay for a portion of their care through cost-sharing. This proposed test would decrease or eliminate cost sharing to improve beneficiaries' access and appropriate use of effective drugs.
- **Feedback on prescribing patterns and online decision support tools.** This proposed test would create evidence-based clinical decision support tools as a resource for providers and suppliers focused on safe and appropriate use for selected drugs and indications. Examples could include best practices in prescribing or information on a clinician's prescribing patterns relative to geographic and national trends.
- **Indications-based pricing.** This proposed test would vary the payment for a drug based on its clinical effectiveness for different indications. For example, a medication might be used to treat one condition with high levels of success but an unrelated condition with less effectiveness, or for a longer duration of time. The goal is to pay for what works for patients.
- **Reference pricing.** This proposed model would test the practice of setting a standard payment rate—a benchmark—for a group of therapeutically similar drug products.
- **Risk-sharing agreements based on outcomes.** This proposed test would allow CMS to enter into voluntary agreements with drug manufacturers to link patient outcomes with price adjustments.

A fact sheet with more information about the proposed rule is available at: https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-03-08.html.

The proposed rule will be open to a 60-day comment period. CMS is accepting comment on the proposed rule through May 9, 2016. The proposed rule is available for viewing at: https://www.federalregister.gov/public-inspection.

REPORTS/POLICIES

- **The GAO published *"National Institutes of Health: Additional Data Would Enhance the Stewardship of Clinical Trials across the Agency,"* (GAO-16-304) on March 10, 2016.** This report examines (1) the steps that NIH took, if any, to apply the IOM recommendations across its ICs other than the NCI, and (2) the extent to which NIH's OD uses data to oversee clinical trial activity across the ICs. http://www.gao.gov/assets/680/675711.pdf

- **The GAO published *"Provider Networks: Comparison of Child-Focused Network Adequacy Standards between CHIP and Private Health Plans,"* (GAO-16-219) on March 7, 2016. This** report examines federal and selected state CHIP and QHP network adequacy standards, the extent to which selected issuers of CHIP plans and QHPs include children's hospitals and otherwise help ensure access to pediatric specialists, and how CMS and selected states monitor CHIP plan and QHP compliance with adequacy standards. http://www.gao.gov/products/GAO-16-219

HILL HEARINGS

- The House Veterans Affairs Committee will hold a hearing on **March 16, 2016**, to draft legislation to improve the authority of the Secretary of Veterans Affairs to hire and retain physicians and other employees of the VA.
- The Senate and House Veterans Affairs Committees will hold a hearing on **March 16, 2016**, to receive the legislative presentation from the FRA, TREA, NASDVA, MOAA, AFSA, AX-POW, NCOA, JWV, and IAVA.
- The House Veterans Affairs Subcommittee on Health will hold a hearing on **March 22, 2016**, to examine choice consolidation: leveraging provider networks to increase veteran access.

LEGISLATION

- **S.2646** (introduced March 7, 2016): Veterans Choice Improvement Act of 2016 was referred to the Committee on Veterans' Affairs.
  Sponsor: Senator Richard Burr [NC]
- **S.2647** (introduced March 7, 2016): Behavioral Health Coverage Transparency Act of 2016 was referred to the Committee on Health, Education, Labor, and Pensions.
  Sponsor: Senator Elizabeth Warren [MA]
- **S.2649** (introduced March 8, 2016): Veterans Choice Equal Cost for Care Act of 2016 was referred to the Committee on Veterans' Affairs.
  Sponsor: Senator Mike Rounds [SD]

MEETINGS

- The Heroes of Military Medicine Awards will be held on **May 5, 2016**, in Washington D.C. http://www.hjfcp3.org/heroes-dinner
- The 6th Annual Traumatic Brain Injury Conference will be held **May 11-12, 2016**, in Washington DC. http://tbiconference.com/home/
- The AUSA 2016 Annual Meeting & Exposition will be held **Oct. 3-5, 2015**, in Washington DC. http://ausameetings.org/2016annualmeeting/
- 2016 AMSUS Annual Continuing Education Meeting will be held on **Nov. 29- Dec. 2, 2016**, at the Gaylord National Harbor, Md. http://www.amsusmeetings.org/

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