

Federal Health Update

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EXECUTIVE AND CONGRESSIONAL NEWS

- **The White House sent President Obama's fiscal year 2014 budget to Congress on April 10 2013.** To read an overview, please visit:
<http://www.whitehouse.gov/omb/overview>

MILITARY HEALTH CARE NEWS

- **On April 10, 2013, President Barack Obama sent to Congress a proposed defense budget of \$526.6 billion in discretionary budget authority to fund defense programs in the base budget for fiscal year (FY) 2014.**

The FY 2014 proposed budget includes a 4.2 percent average rate increase in Basic Allowance for Housing (BAH) to \$21 billion and a 3.4 percent increase in Basic Allowance for Subsistence (BAS) to \$5 billion. The FY 2014 budget also contains \$49.4 billion to fully fund the Military Health System and to continue providing high-quality care to military personnel on active duty, their dependents and retirees.

DoD's budget request also seeks \$8.5 billion in family support – for DoD schools, commissaries, counseling, child care, and other programs. In addition, the department will continue to invest in critical programs such as assistance to help veterans transition

to civilian life, wounded warrior care, suicide prevention, and sexual assault prevention and response.

The President's budget also proposes a new round of the Base Closure and Realignment (BRAC) Commission. The Pentagon wants the BRAC to start in 2015 with closures set to begin the following year.

The President is resubmitting the enrollment fees and pharmacy copay increases that Congress denied last year. The fee increases would impact those using TRICARE and TRICARE for Life in an effort reduce costs by \$1.4 billion in 2014 and \$12.8 billion in the next five years.

Highlights of the proposed DoD budget are outlined at

<http://www.defense.gov/news/2014budget.pdf> . For more information and to view the entire FY 2014 budget proposal, please visit <http://www.budget.mil> and download the "FY 2014 Budget Request Overview Book."

- **Secretary of Defense Chuck Hagel announced that the President has nominated Navy Reserve Rear Adm. (lower half) Thomas E. Beeman has been nominated for appointment to the rank of rear admiral.** Beeman is currently serving as deputy commander, Navy Medicine National Capital Area, Bethesda, Md.

- **According to TRICARE Management Activity, TRICAE Prime will remain a health care option for 97 percent of approximately 5 million beneficiaries eligible for Prime.**

The three percent difference, comprising about 171,000 beneficiaries, will automatically revert to the TRICARE Standard health care option on Oct. 1, 2013. Those beneficiaries, who mostly reside more than 40 miles from a military clinic or hospital recently received a letter explaining their options and will receive a reminder letter in June or July.

As a follow-up to the initial notification to those affected, a second letter will be mailed in early summer to make sure all affected beneficiaries have the time and information to make important decisions about their future health care options.

The TRICARE website, www.tricare.mil/PSA, has the most current details and gives beneficiaries the option to sign for e-mail updates. A ZIP code tool is available on the site to help beneficiaries determine if they live in an affected PSA.

TRICARE beneficiaries are still covered by TRICARE Standard. For those living within 100 miles of a remaining PSA, re-enrolling in Prime may be an option depending on availability. To do this, beneficiaries must waive their drive-time standards and, possibly, travel long distances for primary and specialty care.

In TRICARE Prime those enrolled are assigned a primary care provider who manages their health care. Retirees pay an annual enrollment fee and have low out of pocket costs under this plan. TRICARE Standard is an open-choice option with no monthly premiums and no need for referrals, but there are cost shares and an annual deductible.

The Department of Defense first planned to reduce the number of PSAs in 2007 when it requested bids for the third generation of regional health care support contracts. The PSAs being eliminated are not close to existing military treatment facilities or Base Realignment and Closure sites. Prolonged protests resulted in a staggered transition and it was decided to keep all PSAs in place until all three contracts were in place. On April 1, 2013, the West region completed its transition.

VETERANS AFFAIRS NEWS

- **The Department of Veterans Affairs released details about President Obama proposed a \$152.7 billion budget for VA in fiscal year 2014.**

The budget proposes a 10.2 percent increase over fiscal year 2013 that will support VA's goals to expand access to health care and other benefits, eliminate the disability claims backlog, and end homelessness among Veterans. The budget includes \$66.5 billion in discretionary spending, largely for healthcare, and \$86.1 billion for mandatory programs – mostly disability compensation and pensions for Veterans.

The \$66.5 billion total in discretionary spending includes approximately \$3.1 billion in collections from health insurers and veteran copayments in addition to the \$63.5 billion in discretionary funding announced last week.

VA operates the largest integrated health care system in the country with nearly 9 million enrollees; the eighth largest life insurance program; monthly disability pay, pensions and survivors payments to more than 4 million people; education assistance to 1 million students; mortgage guarantees to 1.5 million homeowners; and the largest cemetery system in the nation.

Highlights from the President's 2014 budget request for VA include:

With a medical care budget of \$54.6 billion, VA is positioned to provide care to 6.5 million veterans in the fiscal year beginning Oct. 1. The patient total includes 675,000 people whose military service began after Sept. 11, 2001.

- Major spending categories within the health care budget are:
- \$6.9 billion for mental health;
- \$4.1 billion for health care for Veterans of Operation Enduring Freedom, Operation Iraqi Freedom and Operation New Dawn;
- \$2.5 billion for prosthetics;
- \$601 million for spinal cord injuries;
- \$246 million for traumatic brain injuries;
- \$230 million for readjustment counseling; and
- \$7.6 billion for long-term care.

The President's proposed 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:

- \$460 million in home telehealth funding, which helps patients monitor chronic health care problems through innovative uses of the telephone, a 4.4 percent increase over the current year;
- \$422 million for women-specific medical care, an increase of nearly 14 percent over the present level;
- \$799 million for the activation of new and enhanced health care facilities;
- \$116 million for the construction of three new national cemeteries; and
- \$8.8 million for "VetSuccess on Campus" at 84 facilities, a program that helps Veterans transition to college life.

The President's proposed budget provides for full implementation of VA's robust

Transformation Plan -- a series of people, process and technology initiatives -- in FY14. This plan will systematically reduce the backlog and reach Shinseki's 2015 goal - to eliminate the claims backlog and process all claims within 125 days with 98 percent accuracy.

- Major transformation initiatives in the budget proposal invest \$291 million to bring leading-edge technology to the claims backlog, including:
- \$136 million for Veterans Claims Intake Program (VCIP); and
- \$155 million for the next generation of the electronic claims processing system Veterans Benefits Management System (VBMS).

Other features of the administration's FY 2014 budget request for the department are:

- \$250 million to administer the VA-run system of national cemeteries;
- \$3.7 billion for information technology; and
- \$1.2 billion in construction, cemetery grants and extended care grants

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GENERAL HEALTH CARE NEWS

- **The Department of Health and Human Services (HHS) released details from President Obama's fiscal year 2014 HHS \$967.3 billion budget.**

The proposed 2014 budget provides \$80 billion in discretionary funding for the U.S. Department of Health and Human Services -- \$3.9 billion above the 2012 enacted level. The new budget calls for \$370 billion in Medicare spending cuts -- over 10 years -- by negotiating better prescription drug prices, reducing management costs and costs to hospitals, increasing enforcement to reduce fraud and having higher-income beneficiaries pay more.

The President's budget calls for increases in premiums for those with high incomes for Medicare Part B -- outpatient medical service -- and Part D -- outpatient prescription drugs. The budget also provides funding for the implementation of the Affordable Care Act's exchanges and the delivery of premium tax credits, the cost sharing assistance to make coverage affordable and increased support for states for expanded Medicaid coverage for the working poor. The Affordable Care Act, goes into effect Jan. 1, 2014, but the exchanges should be in place by Oct. 1, 2013.

To read the full HHS proposed budget, please visit: <http://www.hhs.gov/budget/fy2014/fy-2014-budget-in-brief.pdf>.

- **The U.S. Food and Drug Administration released details of President Obama's \$4.7 billion fiscal year 2014 budget to support the FDA's mission to protect and promote the public health.**

Industry user fees would fund 94 percent of the proposed budget increase, including new fees to support the landmark Food Safety Modernization Act (FSMA) and strengthen the FDA's ability to oversee imported food.

The remainder of the budget increases would support programs which are necessary to preserve the safety of medical products and meet the agency's growing duties. Recognizing the need for fiscal constraint, the budget includes spending cuts in several areas, including a \$15 million decrease in budget authority for human drug, biologics, and medical device programs.

The FY 2014 request covers the period from Oct. 1, 2013 through Sept. 30, 2014. Highlights of the FDA FY 2014 budget include:

- **Transforming Food Safety:** +\$295.8 million (\$252.4 million in User Fees / \$43.4 million in budget authority) above the FY 2012 level will bolster the FDA's efforts to build a strong, reliable food safety system.
- **White Oak Consolidation:** +\$17.9 million above the FY 2012 level will support the outfitting and required certification and operation of the Life Sciences-Biodefense Complex (the FDA's White Oak headquarters in Silver Spring, Md.) to carry out cutting-edge research to ensure that the FDA is providing the best possible oversight over its regulated products to protect the American public.
- **Food and Drug Safety Inspections in China:** \$10 million above the FY 2012 level will support the FDA's capacity to detect and address the risks of products and ingredients manufactured in China and to help assure that these products do not result in harm to Americans.
- **Medical Countermeasures (MCM) Initiative:** +\$3.5 million above the FY 2012 level will help meet America's national security and public health requirements for MCM readiness. The additional resources in FY 2014 will support science and partnerships to improve MCM development timelines and the success rates for MCMs.

The President's FY 2014 budget for the FDA <http://www.hhs.gov/budget/>.

- **The Centers for Medicare & Medicaid Services (CMS) awarded 799 suppliers have been contracts to provide certain medical equipment and supplies (such as scooters, wheelchairs and oxygen) to beneficiaries in 91 communities across the country, as part of Round 2 of the Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program.**

Additionally, CMS announced 18 suppliers that accepted contracts to provide mail-order diabetic testing supplies at competitively bid prices nationwide. The competitive bidding program, which has already resulted in \$202 million in savings in its first year of implementation in nine areas, is expected to save the Medicare Part B Trust Fund an estimated \$25.7 billion between 2013 and 2022. Beneficiaries are expected to save an estimated \$17.1 billion as a result of lower coinsurance and premium payments.

Consumers, physicians and other providers can find a list of Medicare contract suppliers in their areas by visiting www.medicare.gov/supplier/home.asp or by calling 1-800-MEDICARE (TTY users should call 1-877-486-2048). For additional information about the Medicare DMEPOS Competitive Bidding Program, please visit: <http://www.cms.hhs.gov/DMEPOSCompetitiveBid/>.

REPORTS/POLICIES

- **The GAO published "Indian Health Service: Capping Payment Rates for Nonhospital Services Could Save Millions of Dollars for Contract Health Services," (GAO-13-272) on April 10, 2013.** This report examines how payments to physicians by IHS's federal CHS programs compare with what Medicare and private health insurers would have paid for the same services; physicians' perspectives about how a cap on payment rates could affect them; hospitals' perspectives about how the MLR requirement

affected them; and IHS and tribal officials' perspectives about the MLR requirement and a potential cap on nonhospital services. <http://www.gao.gov/assets/660/653728.pdf>

HILL HEARINGS

- The Senate Veterans Affairs Committee will hold a hearing on **April 15, 2013**, to examine the proposed VA budget for fiscal year 2014.
- The House Appropriations Committee will hold a hearing on **April 16, 2013**, to examine the proposed Department of Defense fiscal year 2014 budget.
- The Veterans Affairs Subcommittee on Disability Assistance and Memorial Affairs will hold a legislative hearing on **April 16, 2013**, to examine H.R. 569, H.R. 570, H.R. 602, H.R. 671, H.R. 679, H.R. 733, H.R. 894 and H.R. 1405.
- The House Committee on Small Business will hold a hearing on **April 17, 2013**, to examine the Health Care Law: Implementation and Small Business.
- The Senate Armed Services Committee will hold a hearing on **April 17, 2013**, to examine the Defense Authorization Request for fiscal year 2014 and the Future Years Defense Program.
- The Senate Armed Services Subcommittee on Personnel will hold a hearing on **April 17, 2013**, to examine the Active, Guard, Reserve, and civilian personnel programs in review of the Defense Authorization Request for fiscal year 2014 and the Future Years Defense Program
- The House Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies on **April 18, 2013**, to examine the proposed VA budget for fiscal year 2014.
- The Senate Appropriations Committee will hold a hearing on **April 18, 2013**, to examine proposed budget estimates for fiscal year 2014 for the Department of Veterans Affairs.
- 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.1427** (introduced April 9, 2013): To ensure that patients receive accurate health care information by prohibiting misleading and deceptive advertising or representation in the provision of health care services, and to require the identification of the license of health care professionals was referred to the House Committee on Energy and Commerce. Sponsor: Representative Larry Bucshon [IN-8]
- **H.R.1463** (introduced April 10, 2013): To amend title 10, United States Code, to improve the mental health assessments provided to members of the Armed Forces deployed in support of a contingency operation was referred to the House Committee on Armed Services. Sponsor: Representative Andre Carson [IN-7]
- **H.R.1464** (introduced April 10, 2013): To amend title 10, United States Code, to provide notice to members of the Armed Forces, beginning with recruit basic training and the initial training of officer candidates, regarding the availability of mental health services, to

help eliminate perceived stigma associated with seeking and receiving mental health services, and to clarify the extent to which information regarding a member seeking and receiving mental health services may be disclosed was referred to the House Committee on Armed Services.

Sponsor: Representative Andre Carson [IN-7]

- **H.R.1473** (introduced April 10, 2013): To prevent certain federal health care laws from establishing health care provider standards of care in medical malpractice cases, and for other purposes was referred to the Committee on Energy and Commerce, and in addition to the Committee on the Judiciary.

Sponsor: Representative Phil Gingrey [GA-11]

- **S.689** (introduced April 9, 2013): A bill to reauthorize and improve programs related to mental health and substance use disorders was Committee on Health, Education, Labor, and Pensions.

Sponsor: Senator Tom Harkin [IA]

MEETINGS

- The 16th Annual Conference on Vaccine Research will be held on **April 22-24, 2013**, in Baltimore, Md. <http://www.cvent.com/events/16th-annual-conference-on-vaccine-research/event-summary-db97bedd5ee041eeb09d971650f76be0.aspx>
- 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>
- The Learning in Disaster Health: A Continuing Education Workshop will be held on **Sept. 17-18, 2013**, in Washington DC. <http://hjf.cvent.com/events/learning-in-disaster-health-a-continuing-education-workshop/event-summary-8688867233a844d3b5a3afeccebbf288.aspx>
- The AMSUS Annual Continuing Education Meeting will be held **Nov. 3-8, 2013**, in Seattle Wash. AMSUSMeeting.org
- The 29th Annual Meeting of the International Society for Traumatic Stress Studies (ISTSS) will be held **Nov.7-9, 2013**, in Philadelphia, Pa. <http://www.istss.org/Home.htm>
- The AMIA 2013 Annual Symposium will be held on **Nov. 16-20, 2013**, in Washington DC. <http://www.amia.org/amia2013>
- The 2013 American Academy of Medical Administrators (AAMA) Annual Conference will be held on **Nov. 19 - 22, 2012**, Las Vegas, Nev. <http://www.aameda.org/Conference/Annual/AnnualMain.html>
- The Radiological Society of North America (RSNA) 2013: **Dec. 1-3, 2013**, in Chicago, Ill. http://www.rsna.org/Annual_Meeting.aspx
- The 2013 Special Operations Medical Association (SOMA) Conference will be held on **Dec. 14-17, 2012**, in Tampa, Fla. <http://www.specialoperationsmedicine.org/>

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