Federal Health Update

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EXECUTIVE AND CONGRESSIONAL NEWS

- **On May 8, 2013 by Senator Bernie Sanders (I-Vt.), chair of the Senate Committee on Veterans' Affairs and Senator Richard Burr (R-N.C.), ranking member of the Senate Committee on Veterans' Affairs, introduced legislation to ensure veterans' benefits would rise to keep pace with inflation.**

  The cost-of-living adjustment would boost benefits for veterans with service-connected disabilities and for their survivors. It is projected that more than 4.2 million veterans and survivors will receive compensation benefits during the next fiscal year.

  The Veterans' Compensation Cost-of-Living Adjustment Act of 2013 would increase compensation benefits on Dec. 1, 2013. in accordance with the Bureau of Labor Statistics' Consumer Price Index, the same index that determines the annual rate adjustments for Social Security benefits.

  Other committee members who cosponsored the bill are Sens. John D. Rockefeller IV (D-W.V.), Patty Murray (D-Wash.), Sherrod Brown (D-Ohio), Jon Tester (D-Mont.), Mark Begich (D-Alaska), Richard Blumenthal (D-Conn.), Mazie Hirono (D-Hawaii), Johnny Isakson (R-Ga.), Mike Johanns (R-Neb.), Jerry Moran (R-Kan.), John Boozman (R-Ark.) and Dean Heller (R-Nev.).

MILITARY HEALTH CARE NEWS

- **Due to congressional concerns and press reports of massive customer service problems facing Tricare West region customers, Department of Defense issued a memo saying it will allow Prime beneficiaries to receive recommended specialty care without first obtaining authorization from regional contractor UnitedHealthcare Military & Veterans.**

  The temporary waiver for West Region Prime enrollees to obtain authorizations for specialty care received will be in effect from April 1 to May 18, 2013.

  To learn more, please visit::

  - Visit United Healthcare's website
  - Read Frequently Asked Questions from UnitedHealthcare
  - View TRICARE News Release
  - View UnitedHealthcare News Release

  April 1, 2013, was the start of health care delivery under the new contract in the TRICARE West Region. Since the start of the new contract, beneficiaries have experienced longer than usual wait times for authorizations, and difficulty reaching UnitedHealthcare Military & Veterans due to high call volume at the call centers.

  The TRICARE Regional Office-West (TRO-W) is working closely with UnitedHealthcare to address all beneficiary concerns, reduce the backlog of referrals awaiting authorization by the contractor, and ensure that beneficiaries receive quality health care and customer service. We ask you that you continue to be patient with UnitedHealthcare during this busy time. Call center hours have been extended, and the current hours are 7 a.m. to 7 p.m. across all West Region time zones.

  While UnitedHealthcare is working on improvements to their internal processes, TRICARE Management Activity (TMA) is taking steps to reduce the impact to your access to quality health care.

- ***Bloomberg News* reports that the Defense Department may ask UnitedHealth Group Inc. (UNH) to reimburse the government after military families experienced long delays getting medical-care referrals.**

  A spokesperson for TRICARE told Bloomberg that the contract with UnitedHealth Group includes “provisions for the recovery of costs due to poor performance.”

  Defense Department and officials of Minnetonka, Minnesota-based UnitedHealth will hold meetings to ensure the company “has full understanding of and accountability for its poor performance,” DoD said. “And it must make significant progress to resolve all issues.”

- **On May 8, 2013, Secretary of Defense Chuck Hagel announced President Obama nominated:**

  - Army Reserve Col. Joseph J. Heck, to the rank of brigadier general and for assignment as deputy commander (Troop Program Unit), 3rd Medical Command (Mission Support Element), Atlanta, Ga. Heck is currently serving as medical advisor (Troop Program Unit), Office of the Chief, Army Reserve, Washington DC.
  - Army Reserve Col. Michael C. O’Guinn, to the rank of brigadier general and for assignment as deputy commander (Troop Program Unit), 807th Medical

Command (Mission Support Element), Salt Lake City, Utah. O'Guinn is currently serving as director, Reserve Affairs (Active Guard Reserve), Office of the Surgeon General, Falls Church, Va

- **On May 6, 2013, Navy Secretary Ray Mabus and Chief of Naval Operations Adm. Jonathan W. Greenert announced that Rear Adm. (lower half) Colin G. Chinn, will be assigned as fleet surgeon, U.S. Pacific Fleet/Command Surgeon, U.S. Pacific Command, Camp H.M. Smith, Hawaii.** Chinn is currently serving as director, Medical Resources, Plans, and Policy Division, N0931, Office of the Chief of Naval Operations/Chief of the Medical Corps, Washington, D.C.

- **On May 7, 2013, the Military Health System released a list of resources available to members of the National Guard and Reserve components, to help ensure they and their families have the support they need to meet the challenges they face.**
  - The National Guard Psychological Health Program promotes and guides National Guard members and their families by supporting readjustment and readiness while offering consultation and support designed to address organizational and individual health care.
  - Real Warriors offers information and tools for navigating the deployment and reintegration process. Real Warriors helps National Guard and Reserve service members and families reach out to community, religious and military services, and help connect with other service members.
  - The Defense Centers of Excellence for Psychological Health and Traumatic Brain Injury offers a variety of resources specifically for Guardsmen and Reservists. The DCoE Outreach Center provides resources and information about mental health that can be accessed 24/7.
  - Military OneSource provides information and resources on topics such as counseling options for National Guard and Reserve members and their families. Options include military counseling services and non-medical counseling resources.
  - The National Resource Directory connects wounded warriors, service members, veterans and their families with those who support them. It provides access to services and resources at the national, state and local levels to support recovery, rehabilitation and community reintegration.
  - Courage to Care is a new, electronic health campaign for military and civilian professionals serving the military community, consisting of electronic fact sheets that provide actionable information.
  - Joint Services Support provides access to the professional management tools and resources you can use to organize activities, create a network of National Guard families and family members, or find assistance to improve your daily life.
  - The Yellow Ribbon Reintegration Program is a DoD-wide effort to promote the well-being of National Guard and Reserve members, their families and communities by connecting them with resources throughout the deployment cycle. Through YRRP events, service members and loved ones connect with local resources before, during and after deployments.
  - Afterdeployment.org is an online behavioral health resource supporting service members, their families and veterans with common post-deployment concerns. The website provides self-care solutions, targeting post-traumatic stress, depression, anger, sleep, relationship concerns and other mental health

challenges.

These resources provide options for National Guardsmen and Reservist and their families, regardless of where they may live while activated or not. The DoD is committed to ensuring readiness and resiliency are always within reach for the entire defense community.

VETERANS AFFAIRS NEWS

- **This week, Rep. Jeff Miller, (R.-Fla.) and chair of the House Veterans Affairs Committee introduced legislation banning senior executives in the Department of Veterans Affairs from receiving performance bonuses for the next five years.**

  According to the *Washington Post*, VA has been criticized for paying big bonuses to many senior officials, despite the large backlogs of disability claims that plague many VA offices around the country.

  The proposed amendment was unanimously approved by the committee as an amendment to the GI Bill Tuition Fairness Act of 2013.

  The VA announced last week that senior executives in the Veterans Benefits Administration will not receive performance awards for fiscal year 2012 because of the organization's overall performance. Instead, the funds will be reinvested to accelerate elimination of the backlog.

  The VA said it has reduced the amount of performance awards it distributes in recent years from $3.3 million in 2009 to $2.3 million in 2012. The VA said the bonuses are meant as an incentive to both hire and retain talented executives, and are meant to take into account both individual and overall organizational performance goals.

- **The Department of Veterans Affairs has awarded a contract to IBM to upgrade the agency's human resources system that was designed back in the early 1960s.**

  The technology firm has been given a 10-year, $123 million contract to replace the agency's 50-year-old application with a new system delivered in a software-as-a-service model. IBM will build, operate, and maintain the system that will be deployed across the department for its more than 300,000 employees.

  After a phase-in period expected to commence next January, IBM expects the new HR system will be implemented by the end of 2015. IBM will provide implementation services, as well as management and maintenance services for the new system over the course of the contract.

GENERAL HEALTH CARE NEWS

- **Health and Human Services (HHS) Secretary Kathleen Sebelius announced an initiative that for the first time gives consumers information on what hospitals charge.**

New data show significant variation across the country and within communities in what hospitals charge for common inpatient services. The data posted on CMS's website include information comparing the charges for services that may be provided during the 100 most common Medicare inpatient stays. Hospitals determine what they will charge for items and services provided to patients and these "charges" are the amount the hospital generally bills for an item or service.

Hospital charges can vary widely. For example, average inpatient charges for services a hospital may provide in connection with a joint replacement range from a low of $5,300 at a hospital in Ada, Okla., to a high of $223,000 at a hospital in Monterey Park, Calif. Even within the same geographic area, hospital charges for similar services can vary significantly. For example, average inpatient hospital charges for services that may be provided to treat heart failure range from a low of $21,000 to a high of $46,000 in Denver, Colo., and from a low of $9,000 to a high of $51,000 in Jackson, Miss.

To make these data useful to consumers, HHS is also providing funding to data centers to collect, analyze and publish health pricing and medical claims reimbursement data. The data centers' work helps consumers better understand the comparative price of procedures in a given region or for a specific health insurer or service setting. Businesses and consumers alike can use these data to drive decision-making and reward cost-effective provision of care.

Under the Affordable Care Act, Medicare is beginning to pay providers based on the quality they provide rather than just the quantity of services they furnish by implementing new programs such as value-based purchasing and readmissions reductions. HHS awarded $170 million to states to enhance their rate review programs, and since the passage of the Affordable Care Act, the proportion of insurance company requests for double-digit rate increases fell from 75 percent in 2010 to 14 percent so far in 2013.

To view the new hospital dataset, please go to: http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Medicare-Provider-Charge-Data/index.html.

- **About 20 percent of U.S. adults are meeting both the aerobic and muscle strengthening components of the federal government's physical activity recommendations, according to a report published in Morbidity and Mortality Weekly Report, a journal of the Centers for Disease Control and Prevention (CDC).**

  The data are based on self-reported information from the Behavioral Risk Factor Surveillance System; an annual phone survey of adults aged 18 and over conducted by state health departments.

  The Physical Activity Guidelines for Americans recommend that adults get at least 2½ hours a week of moderate-intensity aerobic activity such as walking, or one hour and 15 minutes a week of vigorous-intensity aerobic activity, such as jogging, or a combination of both. The guidelines also recommend that adults do muscle-strengthening activities, such as push-ups, sit-ups, or activities using resistance bands or weights. These activities should involve all major muscle groups and be done on two or more days per week.

  The report finds that nationwide nearly 50 percent of adults are getting the recommended amounts of aerobic activity and about 30 percent are engaging in the recommended muscle-strengthening activity.

  The report also found differences among states and the District of Columbia. The rates of adults meeting the overall guidelines ranged from 27 percent in Colorado to 13 percent in Tennessee and West Virginia. The West (24 percent) and the Northeast (21 percent) had the highest proportion of adults who met the guidelines. Women, Hispanics, older adults and obese adults were all less likely to meet the guidelines.

CDC currently funds 25 states to address nutrition, physical activity, obesity and other chronic diseases. CDC works with these states to design and improve communities so people can more easily fit physical activity into their lives. Additionally, CDC's Community Transformation Grants program is working to create places that provide safe, accessible ways to be physically active.

For more information about the *Physical Activity Guidelines for Americans, including ways to get and stay active,* visit www.cdc.gov/physicalactivity.

- **Total spending on U.S. medicines fell 3.5 percent on a real per capita basis in 2012 and the use of healthcare services overall declined for the second consecutive year, according to a new study released today by the IMS Institute for Healthcare Informatics.**

  The report, *Declining Medicine Use and Costs: For Better or Worse?*, finds that total dollars spent on medications in the U.S. reached $325.8 billion last year, or real per capita spending of $898, down $33 from 2011. Underlying drivers for the overall decline in healthcare service use included fewer patient visits to office-based physicians, fewer non-emergency admissions to hospitals and outpatient facilities, and a less severe flu season in the early part of 2012. In addition, a number of patent expirations in 2012 contributed $28.9 billion to the reduction in medicine spending. This was their largest-ever impact as millions of patients accessed lower-cost generic versions of additional medicines.

  The study found that patients with insurance paid higher deductibles, copays and co-insurance for their overall healthcare, but prescription drug copays for most patients declined. At the same time, new transformative medicines became available to treat a large number of diseases with small or strictly defined patient populations.

  The report's key findings include the following:

  - **Changes in the utilization of healthcare services and medicines.** The number of patient visits to doctors' offices fell 0.9 percent in 2012, a lower level of decline compared with the prior two years. Outpatient treatment and non-emergency room admissions also were down slightly. Only emergency room admissions increased, by 5.8 percent, in 2012. Use of medicines per person declined slightly by 0.1 percent, partly due to a milder cough, cold and flu season in the initial months of 2012.
  - **Healthcare costs and spending on medicines.** The total cost of medicines declined by 3.5 percent on a real per capita basis to $325.8 billion. In addition to lower utilization of branded drugs, the primary drivers were: the increased availability of lower-cost generics, which now account for 84 percent of all prescriptions; the moderating impact of price increases; and lower spending on recently launched medicines. Healthcare costs remain heavily concentrated among relatively few patients suffering from multiple chronic conditions, cancer or other specialty diseases.
  - **Patient payment for healthcare and medicines.** Patients with insurance are paying higher deductibles and higher copays or co-insurance, with nearly 20 percent of the insured now in a consumer-driven health plan. Average out-of-pocket costs for commercially insured under age 65 patients reached $1,146 in 2012, a 30 percent jump from 2011 and entirely the result of higher deductibles. The average pharmacy benefit copay declined by $2 to $121 in 2012; patients filled 72 percent of all retail prescriptions with a co-pay of $10 or less.
  - **Transformations in disease treatment.** Patients gained access to 28 new molecular entities in 2012, including seven with orphan drug designations by the FDA for rare diseases, a novel oral therapy for rheumatoid arthritis, a treatment

for cystic fibrosis that will significantly improve life expectancy for patients with a specific genetic mutation, and an inhalable anti-psychotic. Nine new cancer treatments were introduced last year, the most in more than a decade, including a breakthrough for treating basal-cell carcinoma.

To read the full report, please visit www.theimsinstitute.org.

REPORTS/POLICIES

- **The GAO published *"VA Construction: Additional Actions Needed to Decrease Delays and Lower Costs of Major Medical-Facility Projects,"* (GAO-13-556T) on May 7, 2013.** The report examines VA construction management issues, specifically the extent to which the cost, schedule, and scope for selected new medical-facility projects have changed since they were submitted to Congress and the reasons for these changes; actions VA has taken to improve its construction management practices; and the opportunities that exist for VA to further improve its management of the costs, schedule, and scope of these construction projects.
  http://www.gao.gov/assets/660/654405.pdf

HILL HEARINGS

- The Senate Armed Services Subcommittee on Readiness and Management Support will hold a hearing on **June 11, 2013**, to markup mark-up those provisions which fall under the subcommittee's jurisdiction of the proposed National Defense Authorization Act for fiscal year 2014.
- The Senate Armed Services Subcommittee on Personnel will hold a hearing on **June 11, 2013**, to markup mark-up those provisions which fall under the subcommittee's jurisdiction of the proposed National Defense Authorization Act for fiscal year 2014.
- The Senate Armed Services Committee will hold hearings **June 12-14, 2013**, to markup the proposed National Defense Authorization Act for fiscal year 2014.

LEGISLATION

- **H.R.1827** (introduced May 6, 2013): the *Pediatric Subspecialty and Mental Health Workforce Reauthorization Act of 2013* was referred to the House Committee on Energy and Commerce
  Sponsor: Representative Joe Courtney [CT-2]
- **S.857** (introduced May 6, 2013): the *Family and Medical Leave Inclusion Act* was referred to the Committee on Health, Education, Labor, and Pensions.
  Sponsor: Senator Richard Durbin [IL]
- **S.865** (introduced May 6, 2013): the *Accelerating the End of Breast Cancer Act of 2013* was referred to the Committee on Health, Education, Labor, and Pensions.
  Sponsor: Senator Sheldon Whitehouse [RI]
- **S.870** (introduced May 7, 2013): the *Pregnant and Parenting Students Access to Education Act of 2013* was referred to the Committee on Health, Education, Labor, and

Pensions.
Sponsor: Senator Tom Udall [NM]

- **S.871** (introduced May 7, 2013): the *Combating Military Sexual Assault Act of 2013* was referred to the Committee on Armed Services
Sponsor: Senator Patty Murray [WA]
- **S.875** (introduced May 6, 2013): the *Department of Veterans Affairs Disease Reporting and Oversight Act of 2013* was referred to the Committee on Veterans' Affairs.
Sponsor: Senator Robert P. Casey, Jr. [PA]
- **S.895** (introduced May 8, 2013): A bill to improve the ability of the Food and Drug Administration to study the use of antimicrobial drugs in food-producing animals was referred to the Committee on Health, Education, Labor, and Pensions.
Sponsor: Senator Kirsten E. Gillibrand [NY]
- **S.907** (introduced May 8, 2013): A bill to provide grants to better understand and reduce gestational diabetes, and for other purposes was referred to the Committee on Health, Education, Labor, and Pensions.
Sponsor: Senator Jeanne Shaheen [NH]
- **S.908** (introduced May 8, 2013): A bill to amend the Public Health Service Act to improve the diagnosis and treatment of hereditary hemorrhagic telangiectasia, and for other purposes was referred to the Committee on Health, Education, Labor, and Pensions.
Sponsor: Senator Tim Johnson [SD]

MEETINGS

- 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/

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.