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

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EXECUTIVE AND CONGRESSIONAL NEWS

- On June 6, 2018, the president signed into law H.R. 2372 on the VA Mission Act of 2018. This legislation offers veterans more care options by authorizing Veterans Affairs (VA) provider agreements, or Veterans Care Agreements, for facilities offering extended care, including skilled nursing centers.

- On June 5, 2018, the president signed into law:
  - S. 292, the “Childhood Cancer Survivorship, Treatment, Access, and Research Act of 2018” or the “Childhood Cancer STAR Act. This legislation creates new authorities, and extends and modifies existing authorities, related to childhood and adolescent cancer research, tracking, and survivorship; and
  - S. 1282, which re-designates certain clinics of the Department of Veterans Affairs located in Montana.

MILITARY HEALTH CARE NEWS

- On June 6, 2018, the Defense Health Agency (DHA) reports that the Defense Eligibility Enrollment Reporting System (DEERS) is currently offline. This outage will hinder TRICARE providers’ ability to process claims, process enrollments, or check eligibility using the Defense Manpower Data Center (DMDC) systems or web applications. DHA recognizes this outage creates a disruption to beneficiaries seeking health care and pharmacy prescriptions and
apologizes for the inconvenience. DMDC is working to bring its data systems back online and DHA is working with providers to ensure beneficiary access to health care.

- **On June 4, 2018, Aesculap Implant Systems, a manufacturer of advanced spine and orthopaedic implant technologies, announced TRICARE now covers lumbar artificial disc replacements with Aesculap Implant Systems' activL Artificial Disc for active duty and retired military personnel and their families.**

  On May 8, the Defense Health Agency published policy finding lumbar total disc replacement proven and medically necessary for TRICARE beneficiaries with degenerative disc disease. Other payers have also noted the effectiveness of lumbar total disc replacement in the past year, and now more than 30 million Americans have access to the procedure.

  The TRICARE policy was set retroactive to November 2017.

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**VETERANS AFFAIRS NEWS**

- **The Partnership for Public Service named two employees and a team from the U.S. Department of Veterans Affairs (VA) as finalists for Samuel J. Heyman Service to America Medals (Sammies).**

  The awards recognize the accomplishments of federal civil servants.

  Marcella "Marcy" Jacobs, executive director of VA’s Digital Service, and her team were named as 2018 Management Excellence Finalists for Sammies, while Jordan Manos, director of Operations for VA’s Acquisition Academy, was honored as a finalist in the Promising Innovations category.

  Jacobs and VA’s Digital Service team are being honored for their efforts to rebuild and modernize numerous veteran-facing digital tools, making it easier for veterans to discover, apply for, track and manage the care and benefits they have earned. Since its launch, more than 1.6 million veterans have logged onto www.vets.gov.

  Manos is being recognized for his work as an engineer while on temporary assignment to the Federal Emergency Management Agency (FEMA) in 2017 in the aftermath of Hurricane Harvey. Manos’ innovative ideas improved the system used to assess flood damage. His contributions helped make it possible for residents to get financial assistance and start repairs much more quickly when compared with previous major storms, and he helped save the government an estimated $20 million in assessment costs.

  More than 300 nominations were submitted for consideration to the Partnership for Public Service this year. Jacobs and Manos are among 27 finalists honored for their work addressing many of the country’s greatest challenges. The seven winners will be announced during a gala at the Andrew W. Mellon Auditorium in Washington, D.C. on Oct. 2, 2018.

- **The Department of Veterans Affairs announced the Board of Veterans’ Appeals has signed more than 53,650 decisions to date in fiscal year (FY) 2018 as of May 27, 2018.**

  This represents 86 percent more decisions, compared with the 28,839 decisions signed through the same period last year.

  The Board is currently on track to meet and exceed its FY 2018 total goal of reviewing a historic 81,000 appeals by Sept. 30, 2018.
This pace paves the way for implementation of the Appeals Modernization Act, which has a target implementation date of Feb. 14, 2019, and will offer veterans more choice and control over their claims and appeals process.

In FY 2017, Congress allocated the Board approximately $42 million to hire additional staff, primarily more than 200 decision-writing attorneys and 24 veterans law judges. The increase in staff, along with streamlining several processes, contributed to the result.

VA’s Board of Veterans’ Appeals’ mission is to conduct hearings and decide appeals in a timely manner. VA’s disability appeals process is a complex, multi-step adjudication process that uses “open records,” which allows veterans to submit medical and lay evidence at any point from the beginning to the end of the process, including while the claim is pending on appeal.

GENERAL HEALTH CARE NEWS

- The Medicare Board of Trustees released their annual report for Medicare’s two separate trust funds -- the Hospital Insurance (HI) Trust Fund and the Supplementary Medical Insurance (SMI) Trust Fund on June 4, 2018.

Findings revealed that Part D drug spending projections are lower than in last year’s report because of higher manufacturer rebates, a decline in spending for Hepatitis C drugs, and a slowdown in spending growth for diabetes drugs.

The report also found that the Trust Fund will be able to pay full benefits until 2026, which is three years earlier than last year’s projections, attributable to adverse changes in program income. The Trustees project that total Medicare costs (including both HI and SMI expenditures) will grow from approximately 3.7 percent of GDP in 2017 to 5.8 percent of GDP by 2038, and then increase gradually thereafter to about 6.2 percent of GDP by 2092.

The SMI Trust Fund, which covers Medicare Part B and D, had $88 billion in assets at the end of 2017. Part B helps pay for physician, hospital, home health, and other services for the aged and disabled who voluntarily enroll. It is expected to be financed in all years because premium income and general revenue income are reset annually to cover expected costs and ensure a reserve for Part B costs. However, the aging population and rising health care costs are causing SMI projected costs to grow steadily from 2.1 percent of GDP in 2017 to approximately 3.6 percent of GDP in 2037. Part D provides subsidized access to drug insurance coverage on a voluntary basis for all beneficiaries, as well as premium and cost-sharing subsidies for low-income enrollees.

The Medicare Trustees are Health and Human Services Secretary, Alex M. Azar; Treasury Secretary and Managing Trustee, Steven Mnuchin; Labor Secretary, Alexander Acosta; and Acting Social Security Commissioner, Nancy A. Berryhill. CMS Administrator Seema Verma is the secretary of the board.


REPORTS/POLICIES

- The GAO published “Veterans Choice Program: Improvements Needed to Address Access-Related Challenges as VA Plans Consolidation of its Community Care Programs,” (GAO-18-281) on June 4, 2018. This report examines the Choice Program care appointment scheduling process; the timeliness of appointments and the information VHA uses to monitor veterans’ access; and the factors that have adversely affected veterans’ access and the steps
VA and VHA have taken to address them for VA’s future community care program. [https://www.gao.gov/assets/700/692271.pdf](https://www.gao.gov/assets/700/692271.pdf)

**HILL HEARINGS**

- The Senate Committee on Health, Education, Labor, and Pensions will hold a hearing on **June 12, 2018**, to examine the cost of prescription drugs, focusing on examining the President's blueprint 'American Patients First' to lower drug prices.
- The Senate Committee on Health, Education, Labor, and Pensions will hold a hearing on **June 19, 2018**, to examine effective administration of the 340B Drug Pricing Program.

**LEGISLATION**

- **H.R.5998** (introduced June 5, 2018): The bill will amend the Public Health Service Act to reauthorize a loan repayment program under which health professionals agree to conduct prevention activities in consideration of the federal government agreeing to make payments on the principal and interest of the educational loans of such health professionals, and for other purposes was referred to the House Committee on Energy and Commerce. Sponsor: Representative Janice D. Schakowsky, [D-IL-9]
- **S.2989** (introduced June 5, 2018): A bill to amend the Food Security Act of 1985 to encourage soil health and for other purposes was referred to the Committee on Agriculture, Nutrition, and Forestry. Sponsor: Senator Michael F. Bennet [D-CO]

**MEETINGS**

- The 2018 AMSUS Annual Continuing Education Meeting will be held on **Nov. 26-30, 2018**, at the Gaylord National Harbor, Md. [http://www.amsusmeetings.org/home-2/](http://www.amsusmeetings.org/home-2/)

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.