

Federal Health Update

JULY11, 2014

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ktheroux@federalhealthcarenews.com

Happy Fourth of July!

EXECUTIVE AND CONGRESSIONAL NEWS

- **There was no news published this week.**

MILITARY HEALTH CARE NEWS

- **The Department of Defense announced that Brig. Gen. Michael C. O'Guinn, U.S. Army Reserve, deputy commander (Troop Program Unit), 807th Mission Support Element, Camp Parks, California, was promoted to commanding general (Troop Program Unit), Medical Readiness and Training Command, San Antonio, Texas.**
- **The Defense Health Agency announced that military pharmacies around the country are implementing a new policy to accept prescription transfers from other military and civilian pharmacies, beginning July 1, 2014.**

A standard prescription transfer process for all military pharmacies ensures patients can move their prescriptions to a new facility without getting a new prescription from their provider. This can be a time-consuming process, especially for military families moving across the country and getting used to a new home.

Because military pharmacies maintain individual medication formularies, not all medications are available at all locations. Beneficiaries can call their new pharmacy before trying to refill their transferred prescription. To find contact information for military clinics and hospitals, visit the [TRICARE website](#).

The number of beneficiaries seeking to transfer their prescriptions to military pharmacies has increased in recent months due to the launch of the TRICARE For Life Pharmacy Pilot Program in March. The pilot requires TRICARE For Life beneficiaries to move their maintenance medications from retail pharmacies to either home delivery or a military treatment facility. More than 500,000 beneficiaries are currently impacted by this policy, and it's anticipated that 10 to 20 percent may attempt to move their prescriptions to a military treatment facility pharmacy.

- **TRICARE plans to change its requirements for counselors next year.**

Starting Jan. 1, all counselors serving clients under TRICARE, must have graduated from a university accredited by the Council for Accreditation of Counseling and Related Educational Programs, also known as CACREP.

The purpose of these changes is to improve mental health care for the military.

However, according to the El Paso Fox affiliated, 70 percent current TRICARE counselors do not have this accreditation.

Leah Miller, owner of the Counseling Center of Expressive Arts in El Paso, said she has been a licensed professional counselor since 1999 and 30 percent of the clients at her counseling center are TRICARE. Miller said a small percentage of counselors have this accreditation because it's a fairly new program.

Miller added that it is very difficult to get this accreditation because only 23 percent of universities even offer it. She said UTEP is not one of them.

Miller said at her counseling center, 11 out of her 14 therapists are not CACREP affiliated. This means after January 1st they will not be qualified to service TRICARE clients. She said the few at her counseling center who are accredited may have to take on a heavier load.

VETERANS AFFAIRS NEWS

- **In response to the Office of Special Counsel's recent recommendations for the Department of Veterans Affairs (VA), Acting Secretary of Veterans Affairs Sloan Gibson announced that Gerard R. Cox, MD, MHA will serve as Interim Director of the Office of Medical Inspector (OMI).**

Dr. Cox was appointed assistant deputy under secretary for health for policy and services for the Veterans Health Administration (VHA) in January 2014. Prior to joining VA, Dr. Cox served as a U.S. Navy medical officer for more than 30 years. Dr. Cox is a Veteran of the Persian Gulf War, during which he was deployed to a Fleet Hospital in Saudi Arabia (1990-1991). He later oversaw Navy expeditionary health services throughout the Middle East, both ashore and afloat, while serving concurrently as Force Surgeon, U.S. Naval Forces Central Command and Fleet Surgeon, U.S. Fifth Fleet (2010-2012). In addition to other senior leadership positions, Dr. Cox also served as assistant inspector general of the Navy for Medical Matters.

On June 23, 2014, the Office of Special Counsel sent a letter to President Obama regarding VA whistleblowers. Following the letter, Acting Secretary Gibson directed an immediate review and subsequent briefing of OMI's operation, process, and structure. As a result of the briefing, the

Acting Secretary determined a clear need to revise the policies, procedures and personnel structure by which OMI operates, and has directed a restructuring of the organization. With the June 30 retirement of the individual who has served as the medical inspector of the Veterans Health Administration for more than a decade, this restructuring will occur with the input of the team of individuals that the Secretary has brought to VA to assist in addressing systemic issues and rebuilding veteran trust.

As long-term restructuring moves forward, the Acting Secretary has directed VA will immediately suspend OMI's hotline and refer all hotline calls to Office of Inspector General (OIG).

- **According to the *Huffington Post*, the Department of Veterans Affairs is systematically overpaying clerks, administrators and other support staff, according to internal audits.**

The jobs of some 13,000 VA support staff have been flagged by auditors as potentially misclassified, in many cases resulting in inflated salaries that have gone uncorrected for as long as 14 years.

Rather than moving quickly to correct these costly errors, VA officials two years ago halted a broad internal review mandated by federal law. As a result, the overpayments continue.

Moreover, in the two years since thousands of misclassified jobs were identified, hundreds of additional positions have been filled at improperly high salaries. Internal VA documents obtained by The Huffington Post show that between September 2013 and May 2014, for instance, overpayments in annual salaries for the latter jobs alone came to \$24.4 million, not counting benefits.

In May alone, senior VA classification specialists identified 284 probably misclassified positions newly posted on the federal jobs site, USAJobs. Once filled, those jobs would result in estimated overpayments of \$3.3 million per year.

The pattern continued in June, with more than a quarter million dollars of overpayments involving jobs at the Veterans Health Administration headquarters, according to an [internal VA report](#).

Even if the improper pay grades are eventually downgraded, VA officials said that employees will be able by law to keep their higher salaries, meaning the VA will be saddled with these excessive costs for years.

Almost all of the newly documented overpaid wages and salaries involve employees of the VHA, the section of the Department of Veterans Affairs that operates 150 major medical centers and 820 community health clinics on a budget this year of \$55.2 billion.

The VA's medical professionals are hired and paid under a separate accounting and oversight system from the administrative staff, and there is no indication of systematic overpayments to doctors, nurses or other health care providers.

Altogether, senior VA classification specialists identified 284 probable misclassified jobs newly posted for hire during May alone, which would lead to estimated overpayments of \$3.3 million per year.

Once people are hired into these jobs, federal law protects their inflated salaries. An employee whose position is downgraded to correct a GS misclassification will continue to receive the original, higher salary. "Their pay is protected," Molloy told HuffPost, because it is "no fault of the employee that the position was misclassified."

The misclassifications of VA jobs appear to violate strict federal guidelines at the heart of the civil service system. VA officials are required by law to adhere to standards issued by the overseer of the civil service, the Office of Personnel Management. VA and other federal officials must certify that the job descriptions they issue comply with OPM specifications. Those

specifications are extremely detailed; the job description for an equal opportunity officer, for instance, can run to 60 pages.

It was during an OPM review more than two years ago that three VA job categories were identified as misclassified at a higher pay grade than warranted. Under federal law, the VA was then required to immediately examine all similar jobs to ensure they were not also misclassified and correct those that were overgraded.

The VA identified 14 other job categories that were apparently misclassified. In all, the 17 misclassified job categories account for some 13,000 employees, including police officers, custodians, boiler plant operators, human resources assistants and clerks.

In June 2012, seeming to acknowledge the uproar that a potentially massive series of job downgrades would cause, senior VA officials in Washington took an unprecedented step: Rather than beginning the broader review immediately as mandated, the department ordered a "temporary" halt to any reclassification that would lower salary grades. In a June 29, 2012, administrative letter, Tonya Deanes, then deputy chief human capital officer, said that the VA was working to figure out how to "balance classification standards and equal pay for equal work with the potential number of resulting changes to lower grade." This order was extended in October 2013.

As a result, none of these improper GS grades have been corrected. With the senior classification specialists blocked from carrying out reviews and corrections of new job descriptions, misclassified posts continue to be advertised and filled.

GENERAL HEALTH CARE NEWS

- **Health and Human Services Secretary Sylvia Mathews Burwell announced new prospective awardees to test innovative care models, bringing the total amount of funding to as much as \$360 million for 39 recipients spanning 27 states and the District of Columbia.**

These models are designed to deliver better health care and lower costs under the Health Care Innovation Awards program.

The prospective (not yet final) awards range from an expected \$2 million to \$23.8 million over a three year period. These awards are made possible by the Affordable Care Act and round out the anticipated recipients for round two of the Health Care Innovation Awards program. Examples include projects to promote better care for persons living with HIV/AIDS, reduce unnecessary use of emergency departments, improve pediatric dental care, promote prevention and management of cardiovascular disorders, and to improve care coordination in rural areas of the country.

Prospective recipients in round two of the Health Care Innovation Awards will be testing models in the following areas, but not limited to:

- Five prospective awards will focus on improving emergency care;
- Ten prospective awards will focus on improving care for children;
- Four prospective awards will focus on promoting prevention and improving management of cardiovascular diseases;
- Seven prospective awards will focus on promoting better rural care coordination and telehealth;
- Seven prospective awards will focus on improving care for frail elderly patients or providing support for aging in the community; and

- Two prospective awards will focus on promoting better care for persons living with HIV/AIDS.

In 2012, 107 organizations located in urban and rural areas, all 50 states, the District of Columbia and Puerto Rico, received awards through round one of the initiative. The second round of Health Care Innovation Awards differs from the first round in that CMS specifically sought innovations in four areas: rapidly reducing costs for patients in outpatient hospital and post-acute settings; improving care for populations with specialized needs; testing improved financial and clinical models for specific types of providers; linking clinical care delivery to preventive and population health.

For more information about the Health Care Innovation Awards program prospective recipients announced today, go to: <http://innovation.cms.gov/initiatives/Health-Care-Innovation-Awards/Round-2.html>.

- **HHS Secretary Sylvia Mathews Burwell announced the availability of \$100 million from the Affordable Care Act to support an estimated 150 new health center sites across the country in 2015.**

New health center sites will increase access to comprehensive, affordable, high quality primary health care services in the communities that need it most.

The investment announced will add to the more than 550 new health center sites that have opened in the last three years as a result of the Affordable Care Act. Today, nearly 1,300 health centers operate more than 9,200 service delivery sites that provide care to more than 21 million patients in every State, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and the Pacific Basin. Health centers are also playing a critical role in helping the public learn about new coverage opportunities under the Affordable Care Act, by conducting outreach and enrollment activities that link individuals to affordable coverage options available through the [Health Insurance Marketplace](#).

To learn more about this funding opportunity, visit <http://www.hrsa.gov/grants/apply/assistance/nap/>.

- **On July 1, 2014, the National Institutes of Health (NIH) notified the appropriate regulatory agency, the Division of Select Agents and Toxins (DSAT) of the Centers for Disease Control and Prevention (CDC), that employees discovered vials labeled "variola," commonly known as smallpox, in an unused portion of a storage room in a Food and Drug Administration (FDA) laboratory located on the NIH Bethesda campus.**

The laboratory was among those transferred from NIH to FDA in 1972, along with the responsibility for regulating biologic products. The FDA has operated laboratories located on the NIH campus since that time. Scientists discovered the vials while preparing for the laboratory's move to the FDA's main campus.

The vials appear to date from the 1950s. Upon discovery, the vials were immediately secured in a CDC-registered select agent containment laboratory in Bethesda.

There is no evidence that any of the vials labeled variola has been breached, and onsite biosafety personnel have not identified any infectious exposure risk to lab workers or the public.

Late on July 7, the vials were transported safely and securely with the assistance of federal and local law enforcement agencies to CDC's high-containment facility in Atlanta. Overnight PCR

testing done by CDC in the BSL-4 lab confirmed the presence of variola virus DNA. Additional testing of the variola samples is under way to determine if the material in the vials is viable (i.e., can grow in tissue culture). This testing could take up to 2 weeks. After completion of this testing, the samples will be destroyed.

By international agreement, there are two official World Health Organization (WHO)-designated repositories for smallpox: CDC in Atlanta, Georgia and the State Research Centre of Virology and Biotechnology (VECTOR) in Novosibirsk, Russia. The WHO oversees the inspection of these smallpox facilities and conducts periodic reviews to certify the repositories for safety and security.

CDC has notified WHO about the discovery, and WHO has been invited to participate in the investigation. If viable smallpox is present, WHO will be invited to witness the destruction of these smallpox materials, as has been the precedent for other cases where smallpox samples have been found outside of the two official repositories.

DSAT, in collaboration with the Federal Bureau of Investigation, is actively investigating the history of how these samples were originally prepared and subsequently stored in the FDA laboratory.

REPORTS/POLICIES

- **The Institute of Medicine (IOM) published “Contemporary Issues for Protecting Patients in Cancer Research - Workshop Summary,” on July 2, 2014.** This report frames and discusses contemporary issues in human subjects protections as they pertain to cancer research, with the goal of identifying potential relevant policy actions. <http://www.iom.edu/Reports/2014/Contemporary-Issues-for-Protecting-Patients-in-Cancer-Research-Workshop-Summary.aspx>
- **The GAO published “Private Health Insurance: Early Effects of Medical Loss Ratio Requirements and Rebates on Insurers and Enrollees,” (GAO-14-580) on July 10, 2014.** This report examines the extent to which insurers met the PPACA MLR standards, and how much they spent on the MLR components of claims, quality improvement activities, and non-claims costs; the amount of rebates insurers paid and how this amount would have changed with agents' and brokers' commissions and fees excluded from the MLR; and the perspectives of insurers on the effects of the MLR requirements on their business practices. <http://www.gao.gov/assets/670/664719.pdf>
- **The GAO published “Electronic Health Records: Fiscal Year 2013 Expenditure Plan Lacks Key Information Needed to Inform Future Funding Decisions,” (GAO-14-609) on July 8, 2014.** This report analyzes the contents of the plan against the statutory conditions and applicable documentation, such as the President's budget, to determine whether the plan met the conditions. <http://www.gao.gov/assets/670/664647.pdf>

HILL HEARINGS

- The House Veterans Affairs Committee will hold a hearing on **July 14, 2014**, to evaluate the process to achieve VBA goals.

- The Senate Appropriations Subcommittee on Department of Defense will hold a hearing on **July 15, 2014**, to markup proposed legislation making appropriations for fiscal year 2015 for the Department of Defense.
- The Senate Veterans Affairs Committee will hold a hearing on **July 16, 2014**, to examine the state of Veterans' Affairs health care.
- The Senate Armed Services Committee will hold a hearing on **July 17, 2014**, to examine the nomination of General Joseph F. Dunford, Jr., USMC, for reappointment to the grade of general and to be Commandant of the Marine Corps, Department of Defense.
- The Senate Appropriations Subcommittee on Department of Defense will hold a business hearing on **July 17, 2014**, to markup proposed budget estimates for fiscal year 2015 for the Department of Defense.
- The House Veterans Affairs Committee will hold a hearing on **July 22, 2014**, to examine VA's longstanding information security weaknesses and how this is impacting are patient wait times and allowing extensive data manipulation.

LEGISLATION

- **H.R.5022** (introduced July 8, 2014): To amend title 38, United States Code, to improve dental health care for veterans and for other purposes was referred to the House Committee on Veterans' Affairs.
Sponsor: Representative Juan Vargas, Juan [CA-51]
- **H.R.5047** (introduced July 9, 2014): To prohibit the Secretary of Veterans Affairs from altering available health care and wait times for appointments for health care for certain veterans, and for other purposes was referred to the House Committee on Veterans' Affairs.
Sponsor: Representative Gary C. Peters [MI-14]
- **H.R.5048** (introduced July 9, 2014): To expand and improve care provided to veterans and members of the Armed Forces with mental health disorders or at risk of suicide, to review the terms or characterization of the discharge or separation of certain individuals from the Armed Forces, to require a pilot program on loan repayment for psychiatrists who agree to serve in the Veterans Health Administration of the Department of Veterans Affairs was referred to the Committee on Veterans' Affairs, and in addition to the Committee on Armed Services.
Sponsor: Representative Gary C. Peters [MI-14]
- **H.R.5051** (introduced July 9, 2014): To ensure that employers cannot interfere in their employees' birth control and other health care decisions was referred to the Committee on Education and the Workforce, and in addition to the Committees on Energy and Commerce, and Ways and Means.
Sponsor: Representative Louise McIntosh Slaughter [NY-25]
- **H.R.5059** (introduced July 10, 2014): To direct the Secretary of Defense and the Secretary of Veterans Affairs to provide for the conduct of annual evaluations of mental health care and suicide prevention programs of the Department of Defense and the Department of Veterans Affairs, to review the terms or characterization of the discharge or separation of certain individuals from the Armed Forces, to require a pilot program on loan repayment for psychiatrists who agree to serve in the Veterans Health Administration of the Department of Veterans Affairs was referred to the Committee on Veterans' Affairs, and in addition to the Committee on Armed Services was referred to the Committee on Veterans' Affairs, and in addition to the Committee on Armed Services.
Sponsor: Representative Timothy J. Walz [MN-1]
- **S.2578** (introduced July 9, 2014): A bill to ensure that employers cannot interfere in their

employees' birth control and other health care decisions was placed on the Senate Legislative Calendar.
Sponsor: Senator Patty Murray, Patty [WA]

MEETINGS/WEBINARS

- The National Center for Disaster Medicine and Public Health will host the 2014 Learning in Disaster Health Workshop on **Sept. 9-10, 2014**, in the Washington DC area. <http://ncdmph.usuhs.edu/>
- The AUSA 2014 Annual Meeting & Exposition will be held **Oct. 13-15, 2014**, in Washington DC. <http://www.ausa.org/meetings/2014/Pages/AnnualMeeting.aspx>
- The 30th Annual Meeting of the International Society for Traumatic Stress Studies (ISTSS) will be held **Nov.6-8, 2014**, in Miami, Fla. <http://www.istss.org/MeetingsEvents.htm>
- The AMIA 2014 Annual Symposium will be held on **Nov. 15-19, 2014**, in Washington DC. <http://www.amia.org/amia2014>
- AMSUS Annual Continuing Education Meeting will be held **Dec. 2-5, 2014**, in Washington, DC <http://amsusmeetings.org>
- The 100th Annual Meeting of Radiological Society of North America (RSNA) 2014: **Dec. 5-9, 2014**, in Chicago, Ill. http://www.rsna.org/Annual_Meeting.aspx
- The 2014 Special Operations Medical Association (SOMA) Science Assembly will be held on **Dec. 8-11, 2014**, in Tampa, Fla. <http://www.specialoperationsmedicine.org/Pages/scientificassembly.aspx>
- The AAMA 2015: The National Summit of Medical Administrators will be held on **Jan. 19-21, 2015**, in Clearwater, Fla. <http://aameda.org/p/cm/ld/fid=159>

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.