

# Federal Health Update

JULY 14, 2017

*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

- **Senate Majority Leader Mitch McConnell is delaying the August recess two weeks so the Senate could continue to work on outstanding legislation.**

- **On July 13, 2017, the Senate Armed Services Committee voted by voice vote to favorably report the nomination of Richard V. Spencer to be Secretary of the Navy.**

Spencer is the managing director of Fall Creek Management LLC., which focuses on value enhancement of private companies through capital investment and advice. He serves as vice chair and chief financial officer of Intercontinental Exchange, Inc. from 2001-2008.

Spencer graduated from Rollins College in 1976 with a Bachelors of Arts degree in economics. Upon graduation from Rollins Richard joined the U.S. Marine Corps and served in the fleet until 1981.

- **On June 28, 2017, the Senate Armed Services Committee reported its FY 2018 National Defense Authorization Act.**

The bill authorizes \$640 billion for the Defense Department with more than \$33 billion dedicated to the Military Health Program. Among the SASC proposals, the legislation supports raising fees, deductibles and co-pays for retirees under age 65 and raising co-pays for TRICARE's

pharmacy program.

A summary of the National Defense Authorization Act for Fiscal Year 2018 is available [here](#).

## MILITARY HEALTH CARE NEWS

- **Navy Vice Admiral Raquel C. Bono, director of the Defense Health Agency (DHA), is requesting nominations for the 2017 Advancement Toward High Reliability in Healthcare Awards Program.**

The awards program encourages four important institutional goals: raise awareness, reward successful efforts, inspire organizations, and share successes. These awards recognize those who have shown initiative and commitment to the development of systems and processes that improve safety and quality and promote an environment of continuous learning and sharing.

The awards are in the following disciplines:

- Patient Engagement
- Health Care Quality and Safety
- Improved Access

As the MHS continues its efforts to improve reliability and patient safety, teams in military treatment facilities are leading initiatives to support this mission. Today, across the MHS, there are a number of activities already in motion to help the MHS advance toward high reliability and ensure that the MHS partners with patients every step of the way.

Military treatment facilities are encouraged to participate and submit their award package by 4:00 p.m. EDT on August 1.

For more information about the Advancement toward High Reliability in Healthcare Awards, please visit the [Awards Program web page](#). Questions about the award program, categories or submission process, should be directed to this [email inbox](#).

- **TRICARE will adjust payments from June through December 2016 to comply with a provision in the 21st Century Cures Act, according to AAHomecare.**

The provision in the Cures Act requires Medicare to retroactively delay a second round of reimbursement cuts in non-bid areas from July 1, 2016, to Jan. 1, 2017, allowing providers to recoup a portion of six months worth of payments.

TRICARE responded to an inquiry by HME providers about whether it would adhere to the provision:

“You are correct TRICARE uses Medicare’s DMEPOS fee schedule, Medicare reduced their rates in the second half of 2016, and a subsequent resolution (the 21st Century Cures Act) delayed that reduction, and retained the original, higher rates for claims with dates of service between July 1 and Dec.31, 2016. TRICARE followed suit and we suggest you resubmit any claims adjudicated under the reduced rates to the Managed Care Support Contractor (MCSC) in your region for reprocessing.”

## VETERANS AFFAIRS NEWS

- There was no relevant news from the Department of Veterans Affairs.

## GENERAL HEALTH CARE NEWS

- **The Medicare Trustees projected that the trust fund financing Medicare's hospital insurance coverage will be depleted in 2029, one year later than projected in last year's report.**

Lower spending in 2016, lower projected inpatient hospital utilization and slightly better projected hospital insurance deficit in 2017 than in 2016 were the contributing factors to the extended solvency projection. Further, because spending levels in Medicare did not exceed its targets, the Independent Payment Advisory Board (IPAB), set up by the Patient Protection and Affordable Care Act (ACA), was not triggered.

In 2016, the Medicare program provided health insurance coverage to 56.8 million beneficiaries. Total Medicare expenditures were \$679 billion, and income was \$710 billion. Total Medicare spending was slightly lower than estimated in last year's Trustees Report. Outlays were slightly lower for Part A and Part D than previously estimated while Part B expenditures were very close to the 2016 estimate.

The Trustees project that total Medicare costs will grow from approximately 3.6 percent of GDP in 2016 to 5.6 percent of GDP by 2041 and will increase gradually thereafter to about 5.9 percent of GDP by 2091. This projected cost growth exceeds GDP growth through the mid-2030s and is the direct result of a rapidly aging population, caused by the large baby-boom generation entering retirement, and lower-birth-rate generations entering employment. Growth in expenditures per Medicare beneficiary exceeds growth in per capita GDP over this time period. In later years, projected costs expressed as a share of GDP will rise slowly for Medicare, reflecting very gradual population aging caused by increasing longevity and slower growth in per-beneficiary health care costs.

The Trustees project that the 2018 Part B premium will remain at the 2017 levels and that the Social Security cost of living adjustment would be 2.2 percent. Due to low trend increases and Medicare's "hold harmless" protection, about 70 percent of Medicare beneficiaries have experienced very modest increases in their Part B premium rates since 2013. Finally, the report also noted that the Supplementary Medical Insurance program (Part B and Prescription Drug Coverage) continue to grow faster than GDP in part due to prescription drug costs rising somewhat more quickly than other medical services.

The Medicare Trustees are: Health and Human Services Secretary, Tom Price, M.D.; 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.

A copy of the report is available here: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/index.html>.

- **The Centers for Medicare & Medicaid Services (CMS) issued a proposed rule that would update Medicare payment and policies for doctors and other clinicians who treat Medicare patients in calendar year (CY) 2018.**

The proposed rule is one of several Medicare payment rules for CY 2018 that reflect a broader strategy to relieve regulatory burdens for providers; support the patient-doctor relationship in

healthcare; and promote transparency, flexibility, and innovation in the delivery of care.

The Physician Fee Schedule is updated annually to include changes to payment policies, payment rates, and quality provisions for services furnished to Medicare beneficiaries. In addition to physicians, a variety of medical professionals, including nurse practitioners, physician assistants, physical therapists, radiation therapy centers and independent diagnostic testing facilities are paid under the Physician Fee Schedule.

This proposed rule would provide greater potential for payment system modernization and seeks public comment on reducing administrative burdens for providing patient care, including visits, care management, and telehealth services. The rule takes steps to better align incentives and provide clinicians with a smoother transition to the new Merit-based Incentive Payment System under the Quality Payment Program (QPP).

In addition, the proposed rule makes additional proposals to implement the Center for Medicare and Medicaid Innovation's Medicare Diabetes Prevention Program expanded model starting in 2018.

These updates would help reduce regulatory burdens and allow practitioners to improve outcomes based on the unique needs of their patients. In addition to the proposed rule, CMS is releasing a Request for Information to welcome continued feedback on the Medicare program. CMS is committed to maintaining flexibility and efficiency throughout Medicare. Through transparency, flexibility, program simplification, and innovation, CMS aims to transform the Medicare program and promote the availability of high-value and efficiently-provided care for its beneficiaries. This will inform the discussion on future regulatory action related to the Physician Fee Schedule.

For a fact sheet on the proposed rule, please visit:

<https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2017-Fact-Sheet-items/2017-07-13-2.html>

- **On July 7, 2017, Health and Human Services Secretary Tom Price, M.D., named Brenda Fitzgerald, M.D., as the 17<sup>th</sup> director of the Centers for Disease Control and Prevention (CDC) and Administrator of the Agency for Toxic Substances and Disease Registry (ATSDR).**

Fitzgerald has been the commissioner of the Georgia Department of Public Health (DPH) and state health officer for the past six years. She replaces Dr. Anne Schuchat, who has been the acting CDC director and acting ATSDR administrator since January 20. Dr. Schuchat is returning to her role as CDC's principal deputy director.

Fitzgerald, a board-certified obstetrician-gynecologist, has practiced medicine for three decades. As Georgia DPH Commissioner, She oversaw various state public health programs and directed the state's 18 public health districts and 159 county health departments. Prior to that, Fitzgerald held numerous leadership positions. She served on the board and as president of the Georgia OB-GYN Society and she worked as a health care policy advisor with House Speaker Newt Gingrich and Senator Paul Coverdell. She has served as a Senior Fellow and Chairman of the Board for the Georgia Public Policy Foundation.

Fitzgerald holds a Bachelor of Science degree in Microbiology from Georgia State University and a Doctor of Medicine degree from Emory University School of Medicine. She completed post-graduate training at the Emory-Grady Hospitals in Atlanta and held an assistant clinical professorship at Emory Medical Center. As a Major in the U.S. Air Force, Fitzgerald served at the Wurtsmith Air Force Strategic Air Command (SAC) Base in Michigan and at the Andrews Air Force Base in Washington, D.C.

## REPORTS/POLICIES

- **The GAO published: “Gulf War Illness: Additional Actions Needed to Improve VA's Claims Process,” (GAO-17-692T) on July 13, 2017.** This report summarizes recent trends in Gulf War Illness disability claims; challenges associated with accurately processing and clearly communicating decisions on Gulf War Illness claims; and how VA uses Gulf War Illness research to inform the disability compensation program. <http://www.gao.gov/assets/690/685764.pdf>
- **The GAO published: “VA Health Care: Improvements Needed in Data and Monitoring of Clinical Productivity and Efficiency,” (GAO-17-722T) on July 13, 2017.** In this report, the GAO identified limitations with VA's metrics and models that limit VA's ability to assess whether resources are being used effectively. <http://www.gao.gov/assets/690/685806.pdf>

## HILL HEARINGS

- The Senate Armed Services Committee will hold a hearing on **July 18, 2017**, to examine the nomination of General Paul J. Selva, USAF, for reappointment to the grade of general and reappointment to be vice chair of the Joint Chiefs of Staff.
- The Senate Veterans Affairs Committee will hold a hearing on **July 19, 2017**, to examine pending calendar business.

## LEGISLATION

- **H.R.3192** (introduced July 11, 2017): To amend title XXI of the Social Security Act to ensure access to mental health services for children under the Children's Health Insurance Program, and for other purposes was referred to the House Committee on Energy and Commerce. Sponsor: Representative Joseph P. Kennedy, III [D-MA-4]
- **S.1546** (introduced July 12, 2017): A bill to amend the Patient Protection and Affordable Care Act to provide greater flexibility in offering health insurance coverage across state lines was referred to the Committee on Health, Education, Labor, and Pensions. Sponsor: Senator Mark R. Warner [D-VA]
- **S.1529** (introduced July 11, 2017): A bill to amend the Internal Revenue Code of 1986 to expand eligibility for the refundable credit for coverage under a qualified health plan was referred to the Committee on Finance. Sponsor: Senator Heidi. Heitkamp [D-ND]
- **S.1526** (introduced July 11, 2017): A bill to appropriate amounts to the Department of Veterans Affairs to improve the provision of health care to veterans, and for other purposes was referred to the Committee on Veterans' Affairs. Sponsor: Senator Jon Tester [D-MT]
- **S.1527** (introduced July 11, 2017): A bill to appropriate amounts to the Department of Veterans Affairs to improve the provision of health care to veterans, and for other purposes was referred to the Committee on Appropriations. Sponsor: Senator John McCain [R-AZ]:
- **H.R.3185** (introduced July 11, 2017): To direct the Secretary of Veterans Affairs to evaluate the organizational structure of the Veterans Health Administration, and for other purposes was

referred to the Committee on Veterans' Affairs .Sponsor: Representative David P. Joyce [R-OH-14]

## MEETINGS

- The AUSA 2017 Annual Meeting & Exposition will be held **Oct. 9-11, 2017**, in Washington DC. <http://ausameetings.org/2017annualmeeting/>
- The 2017 AMSUS Annual Continuing Education Meeting will be held on **Nov. 27- Dec. 1, 2017**, at the Gaylord National Harbor, Md. <http://www.amsus.org/annual-meeting/>

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