

FEDERAL HEALTH UPDATE

September 8, 2006

Produced by Kate Connelly Theroux in collaboration with the U.S. Medicine Institute for Health Studies

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The U.S. Medicine Institute for Health Studies (USMI) is pleased to release the inaugural issue of the Federal Health Update. Produced by Kate Connelly Theroux in collaboration with USMI, the update provides a synopsis of the week's health news and events to the federal medical community and all others interested. We encourage you to sign-up to receive the new Update at: <http://usminstitute.org/subscriber.cfm>

Congressional Schedule

- On Sept. 7, 2006, the Senate passed H.R. 5631, As Amended; Department of Defense Appropriations Act, 2007 (98-0). The bill provides \$469.7 billion in new discretionary spending authority for the Department of Defense for functions under the Defense Subcommittee's jurisdiction, including \$65.5 billion in supplemental appropriations.
- The Senate Veterans Affairs Committee held a hearing entitled: "Wounded Warrior" Insurance: A First Look at a New Benefit for Traumatically Injured Servicemembers," on Sept. 7, 2006. The hearing examined the new Traumatic Injury Protection benefit. Principal Deputy Under Secretary of Defense for Personnel and Readiness, Michael L. Dominguez and Thomas Lastowka, director, Insurance Service, for the Veterans Benefits Administration testified.

[Back to Top](#)

Military Health Care News

- On Aug. 29, 2006, TRICARE Management Activity (TMA) announced that 7.4 percent of the total number of

prescriptions filled in July 2006 used the TRICARE mail-order pharmacy program (TMOP). This marks the highest use of the TMOP program since its inception. Defense officials hope to reach their goal of 10 percent usage by the end of this year. <http://www.tricare.osd.mil/pressroom/news.aspx?fid=229>

- On Sept. 5, 2006, Wilson Health Information announced results today from the 2006 WilsonRx(R) Health Insurance Satisfaction Survey. The study includes responses from 32,237 households across 48 states and 32 Medicare Part D prescription drug plan (PDP) regions. For the fourth straight year, TRICARE earns honors as the number one rated health insurer nationally; for the third straight year, AARP is the number one PPO; and BlueCross BlueShield is the top rated POS insurer for the third consecutive year and Harvard Pilgrim is the top rated HMO plan. Wilson Health Information, LLC, an independent, privately owned healthcare consumer Research Company providing unique insight into healthcare satisfaction issues. Visit <http://www.wilsonrx.com/> for a complete list of winners. <http://sev.prnewswire.com/health-care-hospitals/20060905/PHTU03205092006-1.html>

- According to the Asbury Park Press, the Army has assigned another doctor to help serve the 1,800 TRICARE Plus patients enrolled at Patterson Army Health Clinic at Fort Monmouth who otherwise would have been forced to find civilian doctors by next month. Maj. Gen. George W. Weightman, commander of the Army's North Atlantic Regional Medical Command, said in a statement that at least one Army doctor will be sent to fill staffing gaps at Patterson. TRICARE Plus patients were notified earlier this month by Col. Don Speers, Patterson commanding officer, that they would be dropped from the clinic by Oct. 15 because of Army cutbacks and staffing problems. The Patterson clinic is scheduled to close Oct. 1, 2010. The date marks the beginning of the 2011 fiscal year-the year the fort is due to close as a result 2005 BRAC. <http://www.app.com/apps/pbcs.dll/article?AID=/20060902/NEWS01/609020381/1004/NEWS01>

[Back to Top](#)

Veterans Health Care News

- The Department of Veterans Affairs (VA) and the state of Florida have started a pilot project that would connect injured patients with the Florida Department of Veterans' Affairs (FDVA) Seamless Transition Program. In the VA-Florida program, VA will provide an opportunity for injured veterans who are being treated in Department of Defense medical facilities and are headed for VA treatment facilities after their discharge, to authorize contact by the FDVA. The state is committed to providing life-long follow-up aid to those veterans who need it and consent to be contacted. FDVA assists veterans and armed services members and their dependents with a variety of benefits from Florida that are given without charge. Information on FDVA and benefits for Florida veterans can be found at www.FloridaVets.org. <http://www1.va.gov/opa/pressrel/pressrelease.cfm?id=1172>

- The White House has nominated Robert T. Howard, of Virginia, to be Assistant Secretary of Veterans Affairs (Information and Technology). Mr. Howard currently serves as Senior Advisor to the Deputy Secretary at the Department of Veterans Affairs. Prior to this, he served as Vice President and General Manager of the Analysis and Learning Technologies Division at the Cubic Corporation. Mr. Howard received his bachelor's degree from Northeastern University and his master's degree from Texas A&M University.

[Back to Top](#)

Health Care News

- On Sept. 5, 2006, Dr. Mark McClellan, administrator of the Centers for Medicare and Medicaid Services (CMS) since 2004, announced his resignation, effective in October of this year. Under his leadership, CMS implemented the new Medicare drug benefit, which was the biggest change since the health program's beginning.
- On Aug. 29, 2006, the U.S. Office of Personnel Management (OPM) awarded contracts to insurance carriers that will offer supplemental dental and vision benefits under the new Federal Employees Dental and Vision Insurance Program. Following an extensive review, OPM has selected the Aetna Life Insurance Company, Government Employees Hospital Association, Inc. (GEHA), MetLife Inc., United Concordia Companies, Inc., Group Health, Inc., CompBenefits, and Triple-S, Inc. to offer dental benefits and BlueCross BlueShield Association, Spectera, Inc., and Vision Service Plan (VSP) to offer vision benefits. The program allows employees to use pre-tax dollars to pay for their vision and dental premiums. However, as specified by law, there is no federal government contribution.

The Federal Employees Dental and Vision Benefits Enhancement Act of 2004 was signed into law by President Bush on December 23, 2004. The Act requires OPM to establish arrangements under which supplemental dental and vision benefits will be made available to federal employees, retirees, and their dependents, and it gives OPM broad contracting authority to leverage the purchasing power of federal enrollees. The new supplemental dental and vision program will be offered during this year's Open Season which begins Nov.13 and ends Dec. 11, 2006.

<http://www.opm.gov/news/opm-selects-vendors-for-supplemental-dental-and-vision-benefits-program,1082.aspx>

- In its Report to Congress, the Centers for Medicare & Medicaid Services (CMS) outlined the plans to enhance oversight and evaluation of the Medicare Quality Improvement Organization (QIO) Program. QIOs are organizations with state-level responsibilities under contract with CMS that, by statute, are responsible for a range of key tasks in support of the Medicare program. QIOs work to improve quality of care, measure and reduce the incidence of improper Medicare fee-for-service inpatient payments, address beneficiary complaints and patterns of potentially substandard care, and offer mediation services to help address poor communication issues between health care providers and patients.

Among the changes, CMS is strengthening its financial oversight by requiring each contractor to have a more independent advisory board, charged with review of compliance, conflict of interest, ethics and program integrity. In addition, CMS is taking steps to improve beneficiary awareness of the complaint and appeals process available through QIOs, to make sure that beneficiaries are familiar with this important resource and can use it when they need it. The QIOs will also provide increased technical support for payment reforms to pay providers based on higher quality and lower overall costs of care. As part of performance-based payment pilot programs, the QIOs will continue to provide technical assistance for providers who want to improve in these measures, particularly providers with underserved and disadvantaged populations. <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1956>

- On Aug. 31, 2006, the Department of Health and Human Services announced that the [Medical Reserve Corps](#) (MRC) has reached a new milestone-it is now present in all 50 states, Washington, D.C., Guam, Palau, Puerto Rico, and the U.S. Virgin Islands. The MRC is a national network of locally based medical, public health, and other volunteers who help strengthen the public health system of their communities. The recent registration and approval of the North Dakota Public Health Emergency Volunteer Medical Reserve Corps in Bismarck, N.D., marked the 50th state to participate. The program is housed in the Office of the U.S. Surgeon General in the Department of Health and

Human Services. It began as a demonstration project with 42 communities in July 2002. The following year, an additional 124 communities were added to the project.

Since 2003, the program has grown to more than 460 MRC units in communities across the country with over 85,000 volunteers providing medical and public health support. MRC continues to expand its strength and reach as local, state and national officials and response partners recognize the program and its large pool of volunteers as an asset beyond measure. MRC units are available to respond when disaster strikes their community. By working with preparedness, response, public health, and other partners on an ongoing basis, MRC units become part of the local response mechanisms. MRC volunteers train and exercise their skills to ensure that they can benefit the community when needed. <http://www.hhs.gov/news/press/2006pres/20060831.html>

- The Centers for Medicare and Medicaid Services (CMS) announced a three-year demonstration program on Sept. 6, 2006, to examine whether allowing hospitals to provide financial incentives for physicians to support better care can improve patient outcomes without increasing costs. In the demonstration program, the hospital would be paid its usual inpatient rate for the patient's care, but would pay to the physician a portion of the savings resulting from quality improvement and efficiency initiatives taken by the physician. Such incentive payments would only be allowed for documented, significant improvements in quality of care and savings in the overall costs of care. The program is known as the Physician-Hospital Collaboration Demonstration (PHCD).

The program is intended to focus on the entire scope of health care for a surgical episode or other episode of illness involving hospital care. It will encompass physician groups and up to 72 hospitals in a limited number of geographic areas across the country, and will test whether financial incentives from hospital payments to their physicians for quality and efficiency improvement can increase quality while reducing hospitals' and Medicare costs. The demonstration requires tracking patients for an entire episode of care, which generally extends well beyond a hospitalization, to determine the impact of hospital-physician collaborations on preventing short and longer-term complications, duplication of services, coordination of care across settings, and other quality improvements that hold great promise for eliminating preventable complications and unnecessary costs. This demonstration will examine the effects of the incentive payments system-wide, as hospitals and physicians within a geographic area collaborate on similar quality improvement initiatives and work together to assure that appropriate longer-term outcomes and other quality measures can be tracked appropriately. <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1957>

- On Sept. 6, 2006, the Drug Enforcement Agency (DEA) reversed its policy that prohibited physicians to write multi-month prescriptions to chronically ill patients for prescription painkillers. The new proposed rule will make it easier for patients with chronic pain or other chronic conditions, to avoid multiple trips to a physician by allowing a physician to prescribe up to a 90-day supply of Schedule II controlled substances during a single office visit, where medically appropriate. In addition, the DEA released a policy statement, "[Dispensing Controlled Substances for the Treatment of Pain](#)," which provides information requested by medical professionals regarding DEA's position on this important issue. http://www.deadiversion.usdoj.gov/fed_regs/rules/2006/fr0906.htm

[Back to Top](#)

Reserve/Guard

- The total number of Guard and Reserve currently on active duty has decreased by 2,992 from the Aug. 25 Update

report to 108,972. The totals for each service are Army National Guard and Army Reserve, 88,313; Navy Reserve, 6,014; Air National Guard and Air Force Reserve, 6,988; Marine Corps Reserve, 7,342; and the Coast Guard Reserve, 315. www.defenselink.mil

[Back to Top](#)

Contracts/Procurements

- The U.S. Army Medical Research Acquisition Activity has issued a solicitation notice on behalf of TRICARE Management Activity (TMA) for contract support services to conduct the annual TRICARE Outpatient Satisfaction Survey (TROSS). The purpose of this survey is to assess beneficiary satisfaction with world-wide outpatient care recently received within the direct care system, as well as the purchased care network (within the 50 United States). The survey asks adults, and sponsors of children, about their, or their child's, recent experiences as an outpatient. TMA wishes to adapt, implement and report on an instrument modeled after Consumer Assessment of Healthcare Providers and Systems (CAHPS).

The Contractor shall provide valid and reliable outpatient satisfaction survey instruments that focus on access to care; doctor or provider communication; and courtesy and effectiveness of the clerks/receptionists at the doctor's office. The instrument will be based on the CAHPS Clinician and Group Survey Instrument. The TROSS survey methodology will follow as closely as possible the most current survey administration instructions from the Centers for Medicare and Medicaid Services' CAHPS Quality Assurance Guidelines. The proposals are due 2:00 p.m. ET. Questions and proposals shall be submitted via e-mail to thea.hofgesang@det.amedd.army.mil.

<http://www.fbo.gov/spg/USA/USAMRAA/DAMD17/W81XWH06T0415/Combine%20Synopsis%5FSolicitation.html>

- The Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) issued a presolicitation notice to fulfill the requirement in Section 911 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) to take the necessary steps between now and 2011 to implement Medicare Contracting Reform (MCR). MCR will bring standard contracting principles to Medicare such as competition and performance incentives. These basic contracting principles, which have been applied to other federal programs under the Federal Acquisition Regulation (FAR), have been missing from the Medicare Contracting environment. CMS is required to replace the current contracting authority under Title XVIII of the Social Security Act with the new Medicare Administrative Contractor (MAC) authority.

The law directs CMS to conduct full and open competitions for new MACs that will perform the work currently being handled by fiscal intermediaries, carriers, regional home health intermediaries, and durable medical equipment regional carriers in administering the Medicare fee-for-service program. As such, CMS anticipates conducting a full and open competition for the Part A and Part B Medicare Administrative Contractors (A/B MAC) for Jurisdiction 4 (comprised of the states of Colorado, New Mexico, Oklahoma and Texas), Jurisdiction 5 (comprised of the states of Iowa, Kansas, Missouri and Nebraska), and Jurisdiction 12 (comprised of the states of Delaware, District of Columbia, Maryland, New Jersey, and Pennsylvania). The A/B MAC will provide specified fee-for-service health insurance benefit administration services, including Medicare claims processing and payment services, for most all institutional health care as well as for providers.

It is anticipated that this competition will result in award of three, stand-alone A/B MAC contracts. These contracts will include a base year and four, one-year options. Any questions should be directed to Darrell Bachman, Contract

Specialist, at (410) 786-7442, or by sending e-mail to Darrell.Bachman@cms.hhs.gov. CMS anticipates release of the Request for Proposal (RFP) on or about Sept. 30, 2006.

<http://www.fbo.gov/spg/HHS/HCFA/AGG/RFP%2DCMS%2D2006%2D0033/SynopsisP.html>

- The U.S. Army Medical Research Acquisition Activity intends to establish a firm fixed price contract to develop and implement a pilot system to convert and transform the health records, including the Soldier's Physical Evaluation Boards into an accessible format that complies with the requirements of Section 508, Rehabilitation Act of 1973. The contemplated contract period of performance is Sept. 29, 2006 to 28 Sept. 28, 2007. The Physical Disability Agency has approximately 8,000 health records in Natick, MA and 56,000 health records at Walter Reed Army Medical Center (WRAMC). The Government intends to evaluate proposals and make award with discussions, but reserves the right to award without discussions.

If award is made without conducting discussions, offerors may be given the opportunity to clarify certain aspects of proposals (e.g. the relevance of an offerors past performance information and adverse past performance information to which the offeror has not previously had an opportunity to respond) or to resolve minor or clerical errors. This solicitation is 100 percent set aside for Service Disabled Veteran Owned. Electronic copy of solicitation W81XWH-06-T-0463 will be available on Sept. 8, 2006 on our Web site www.usamraa.army.mil under solicitations. Contractors must be registered in the Central Contractor Registry to receive a contract award from a DoD activity. Questions about this acquisition must be in writing and should be emailed to kathy.guertin@det.amedd.army.mil.

<http://www.fbo.gov/spg/USA/USAMRAA/DAMD17/W81XWH%2D06%2DT%2D0463/SynopsisP.html>

[Back to Top](#)

Reports/Policies

- The General Accounting Office (GAO) issued "Global Health: Spending Requirement Presents Challenges for Allocating Prevention Funding under the President's Emergency Plan for AIDS Relief," (GAO-06-1089T) on Sept. 6, 2006. <http://www.gao.gov/new.items/d061089t.pdf>
- The General Accounting Office (GAO) issued "Privacy: Domestic and Offshore Outsourcing of Personal Information in Medicare, Medicaid, and TRICARE," (GAO-06-676) on Sept. 5, 2006. GAO surveyed all federal Medicare and TRICARE contractors and all state Medicaid agencies (a combined total of 378 entities) to examine whether they outsource services--domestically or offshore--and must notify federal agencies when privacy breaches occur. <http://www.gao.gov/new.items/d06676.pdf>
- The General Accounting Office (GAO) issued "Health Information Technology: HHS is Continuing Efforts to Define Its National Strategy," (GAO-06-1071T) on Sept. 1, 2006. In this report, the GAO reviewed and identified the progress made by HHS toward the development and implementation of a national health IT strategy. <http://www.gao.gov/new.items/d061071t.pdf>
- The Institute of Medicine (IOM) issued "Hearing Loss Research at NIOSH: Reviews of Research Programs of the National Institute for Occupational Safety and Health," on Aug. 30, 2006. In the report, the committee recommended the NIOSH Hearing Loss Research Program foster effective leadership in program planning and implementation;

further implement program evaluation efforts; gain access to additional intramural and extramural expertise, especially in epidemiology and noise control engineering; and initiate and sustain efforts to obtain surveillance data for occupational hearing loss and workplace noise exposure. <http://www.iom.edu/CMS/3740/31265/36811.aspx>

[Back to Top](#)

Legislation

- **H.R.6030** (introduced Sept. 6, 2006): To amend title XVIII of the Social Security Act to protect and preserve access of Medicare beneficiaries in rural areas to health care providers under the Medicare Program, and for other purposes was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

Sponsor: Representative Greg Walden [OR-2]

- **H.R.6035** (introduced Sept. 6, 2006): To amend title 38, United States Code, to direct the Secretary of Veterans Affairs to provide enhanced travel benefits for veterans traveling to facilities of the Department of Veterans Affairs, and for other purposes was referred to the House Committee on Veterans' Affairs.

Sponsor: Representative Rick Larsen [WA-2]

- **H.R.6036** (introduced Sept. 6, 2006): To amend title 38, United States Code, to require the Secretary of Veterans Affairs to enter into contracts with community health care providers to improve access to health care for veterans in highly rural areas, and for other purposes was referred to the House Committee on Veterans' Affairs.

Sponsor: Representative Stevan Pearce [NM-2]

- **S.3859** (introduced Sept. 6, 2006): A bill to provide incentive for employers to hire service-connected disabled veterans and to improve adjustment assistance and job-training transition for injured and disabled veterans, and for other purposes was referred to the Committee on Finance.

Sponsor: Senator Max Baucus [MT]

- **S.AMDT.4883 to H.R.5631** (introduced Sept. 5, 2006): To make available from Defense Health Program \$19,000,000 for the Defense and Veterans Brain Injury Center was agreed to by unanimous consent.

Sponsor: Senator George Allen [VA]

- **S.3846** (introduced Sept. 6, 2006): A bill to provide for the establishment and maintenance of electronic personal health records for individuals and family members enrolled in Federal employee health benefits plans under chapter 89 of title 5, United States Code, and for other purposes was referred to the Committee on Homeland Security and Governmental Affairs.

Sponsor: Senator Thomas R. Carper [DE]

[Back to Top](#)

Hill Hearings

- The Senate Armed Services Committee will hold a hearing on Sept. 19, 2006, to examine the nominations of Army Gen. Bantz J. Craddock, for reappointment to be general and to be Commander, U.S. European Command, Navy Vice Adm. James G. Stavridis, for appointment to be admiral and to be Commander, U.S. Southern Command, Nelson M. Ford, of Virginia, to be Assistant Secretary of the Army for Financial Management and Comptroller, and Ronald J. James, of Ohio, to be Assistant Secretary of the Army for Manpower and Reserve Affairs.

[Back to Top](#)

Meetings / Conferences

- The 2006 Fleet Reserve Association Annual Convention will be held Sept. 17 to Sept. 24, 2006, in Oconomowoc, Wis. www.fra.org
- The Air & Space Conference 2006 and Technology Exposition will be held Sept. 24-27, 2006 in Washington D.C. www.afa.org
- The U.S. Medicine Institute for Health Studies (USMI) now is accepting applications for its 2006 Executive Leadership Program (ELP). This three-day program, which will be held Oct. 3-5, 2006, provides the opportunity for learning through face-to-face dialogue with seasoned, successful leaders in government and the private sector. All sessions are held in downtown Washington, D.C. For more information, please visit www.usminstitute.org
- The 2006 AUSA Annual Meeting & Exposition will be held Oct. 9 -11, 2006, in Washington D.C. www.ausa.org
- The Combined Forces Pharmacy Seminar 2006 will be held in Atlanta Ga. on Oct. 23-26, 2006. www.cfpsinfo.org
- The AMSUS 112th Annual Meeting: "Health 2015: Actionable Strategies for Caring for Our Warriors, Veterans and Country" will be held Nov 5-10, 2006, in San Antonio, Texas. www.amsus.org
- The State of the MHS - The 2007 Annual TRICARE Conference will be held Jan. 29 to Feb. 1, 2007, in Washington D.C. <http://www.tricare.osd.mil/conferences.cfm>
- The 2007 HIMSS will be held Feb. 25 to March 1, 2007, in New Orleans, La. <http://www.himss07.org/>

[Back to Top](#)

If you need further information on any of the items in the Federal Health Update, please contact Kate Connelly Theroux at (703) 447-3257 or by e-mail at dhakat@aol.com. To subscribe, please visit <http://usminstitute.org/subscriber.cfm>.