

FEDERAL HEALTH UPDATE

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

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“One of the most rewarding experiences of my political career was authoring and then seeing legislation passed which provides immediate payments of between \$25,000 and \$100,000 to service members who have been traumatically injured. My hope is that many of those young men and women will benefit from the other efforts currently underway to help them "see" and "feel," so that

they can regain fuller lives.” –Senator Larry E. Craig, chairman of the Senate Committee on Veterans Affairs (VA), speaking about the changes occurring in the VA. <http://veterans.senate.gov/index.cfm?FuseAction=Newsroom.PressReleases&id=812>

Congressional Schedule

- The House and Senate are in recess until Nov. 9, 2006.
- On Oct. 11, 2006, Senator Larry Craig (R-Idaho) announced that he has hired a scientific researcher to assist him in his duties as Chairman of the U.S. Senate Committee on Veterans’ Affairs. For the past five years, Suma Muralidhar has worked for the U.S. Department of Veterans Affairs, where she managed and administered research programs for the Biomedical Laboratory Research and Development Service. While there, she developed the guidelines for the successful creation of the Veterans Health Administration’s Multiple Sclerosis Centers of Excellence and the Office of Research and Development’s Research Centers on AIDS and HIV Infection. She received her Ph.D. from the University of Maryland, College Park, in 1986.

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Military Health Care News

- TRICARE Management Activity (TMA) announced that it has published a new TRICARE Standard Handbook. This handbook will be available to all beneficiaries covered under TRICARE Standard and will have the same breadth of information as is available in the TRICARE Prime and Prime Remote handbooks. Because of annual cost changes, the handbook does not include cost information. TRICARE created a separate summary of beneficiary costs flyer that contains costs for all TRICARE programs, including dental and pharmacy. TRICARE will update the flyer whenever the rates change. Beneficiaries may ask for copies of the TRICARE Standard handbook or the summary of beneficiary costs flyer from their regional contractors or from a local TRICARE Service Center, or view the documents on the [TRICARE Smart Site](http://tricare.osd.mil/news/news.aspx?fid=233). <http://tricare.osd.mil/news/news.aspx?fid=233>

- According to *Military Update*, Congress has killed a Senate-passed provision that would have forced pharmaceutical manufacturers to grant the Department of Defense (DoD) deep discounts on drugs dispensed through the TRICARE retail pharmacy network. DoD officials contend that the Veterans Health Care Act of 1992 requires drug makers to include TRICARE retail drugs in Federal Supply Schedule (FSS) discount agreements negotiated with the Department of Veterans Affairs. The discounts already apply to drugs dispensed through base pharmacies, the TRICARE mail order program and VA pharmacies. Rep. Chet Edwards (D-Texas) introduced a “motion to instruct” House conferees to accept the Senate’s drug discount provision when negotiating behind closed doors. It is estimated that applying FSS discounts for TRICARE retail drugs would save \$251 million in 2007 alone. Under pressure from the White House, House Republicans, led by Rep. Steve Buyer (R-Ind.), unsuccessfully fought the motion. In the end, conferees eliminated the Senate provision in the compromise defense bill, which was sent to the President on Oct. 5. <http://www.military.com/features/0,15240,116699,00.html>
- The Office of the Assistant Secretary of Defense for Health Affairs, TRICARE Management Activity published a notice in the [Federal Register](#) on Oct. 12, 2006, which describes the changes made to the TRICARE DRG-based payment system in order to conform to changes made to the Medicare Prospective Payment System (PPS). It also provides the updated fixed loss cost outlier threshold, cost-to-charge ratios and the Internet address for accessing the updated adjusted standardized amount and DRG relative weights to be used for FY 2007 under the TRICARE DRG-based payment system. The rates, weights and Medicare PPS changes which affect the TRICARE DRG-based payment system contained in this notice are effective for admissions occurring on or after Oct. 1, 2006.
- The Office of the Assistant Secretary of Defense for Health Affairs, TRICARE Management Activity published a notice in the [Federal Register](#) on Oct. 12, 2006, which provides for the updating of hospital-specific per diem rates for high volume providers and regional per diem rates for low volume providers; the updated cap per diem for high volume providers; the beneficiary per diem cost-share amount for low volume providers for FY 2007 under the TRICARE Mental Health Per Diem Payment System; and the updated per diem rates for both full-day and half-day TRICARE Partial Hospitalization Programs for fiscal year 2007. The fiscal year 2007 rates contained in this notice are effective for services occurring on or after Oct. 1, 2006.

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Veterans Health Care News

- The Department of Veterans Affairs (VA) announced that it will continue to provide veterans in the Canandaigua area both inpatient and outpatient services in modernized, state-of-the-art facilities at the current Canandaigua VA Medical Center, which is to be expected to be renovated. The VA will conduct studies on the best way to provide those inpatient and outpatient services. The options under consideration would preserve the historic core of the campus through a combination of partial renovation and new construction. Most of the buildings at VA's Canandaigua campus were built between 1932 and 1937, although many patient care buildings were renovated in the 1980s and 1990s. The study is expected to be completed by the spring of 2007.

<http://www1.va.gov/opa/pressrel/pressrelease.cfm?id=1185>

- The Honorable R. James Nicholson, Secretary of Veterans Affairs (VA), has named a 10-member Commission to screen candidates and recommend finalists for the post of Under Secretary for Health within the VA. The Commission, chaired by VA Deputy Secretary Gordon H. Mansfield, will recommend a replacement for Dr. Jonathan B. Perlin, who resigned Aug. 11 after seven years with VA. Under federal law, the appointment of a VA Under Secretary is made without regard to political affiliation. Candidates must demonstrate their ability in both fiscal management and in the administration of organizations similar in size and content to the Veterans Health Administration. VA operates the country's largest integrated health care system, with 156 hospitals and more than 850 outpatient clinics among the 1,400 sites where care is provided.

About 5.3 million veterans will come to VA for health care this year, resulting in more than 600,000 hospitalizations and 57 million outpatient visits. In addition to Mansfield, members of the Commission include: Dr. Jordan J. Cohen, president emeritus for the Association of American Medical Colleges; Dr. Carolyn M. Clancy, director for the Agency of Healthcare Research and Quality; Jeffrey Oak, vice president for Bon Secours Health System, Inc.; John F. Sommer, Jr., executive director of The American Legion; James B. King, national executive director of AMVETS; Dr. William Winkenwerder, Jr., assistant secretary of defense for health affairs; Cynthia P. Heckscher, managing director of Diversified Search; Dr. George E. Thibault, chairman of VA's Special Medical Advisory Group; and Dr. Jonathan B. Perlin, former VA under secretary for health. Willie L. Hensley, VA's deputy assistant secretary for human resources management and labor relations, will serve as the commission's executive secretary. The committee is expected to complete its deliberations in time for Nicholson to make his recommendation regarding a new under secretary for health in January 2007. <http://www1.va.gov/opa/pressrel/pressrelease.cfm?id=1186>

- The Department of Veterans Affairs (VA) has signed a \$21 million contract with OhioHealth to offer inpatient care and some specialty outpatient care to veterans in Columbus, Ohio. Under terms of a four-year, \$20.7 million contract, OhioHealth will provide urgent and emergency inpatient care and some specialized outpatient services for veterans using the VA's Chalmers P. Wylie Outpatient Clinic. About 300 veterans are expected to be hospitalized at OhioHealth's Riverside Hospital during the first year of the contract. VA's outpatient facility in Columbus treats about 30,000 veterans each year, accounting for 300,000 outpatient visits. In May 2004, VA announced plans to build a new outpatient clinic in Columbus on 20 acres formerly part of the Defense Department's Defense Supply Center. Ground was broken for the new facility in September 2005, with construction for the new outpatient clinic scheduled to be finished by the spring of 2008.

<http://www1.va.gov/opa/pressrel/pressrelease.cfm?id=1188>

- On Oct. 10, 2006, Secretary of Veterans Affairs, Jim Nicholson dedicated the Newark community-based outpatient clinic as a permanent facility to ensure that veterans continue to have access to health care in the area of Newark, Ohio. Nicholson presided over the dedication of the Newark facility as a permanent member of the health care system operated by the VA. It opened its doors March 15, 2004, as a temporary VA clinic. The 3,500-square-foot facility, with a staff of eight VA professionals, provided care to veterans in nearly 8,400 outpatient visits during the recently ended fiscal year. Its services include primary care, mental health, home-based primary care, optometry and dietary services. In Ohio, VA spent more than \$2.8 billion last year to provide services for the state's 1 million veterans. VA operates five medical centers in Ohio, nearly 30 outpatient clinics, four nursing homes and five Vet Centers. <http://www1.va.gov/opa/pressrel/pressrelease.cfm?id=1187>

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Health Care News

- The U.S. Food and Drug Administration (FDA) approved the use of Avastin (bevacizumab) in combination with carboplatin and paclitaxel for the initial systemic treatment of patients with unresectable, locally advanced, recurrent or metastatic, non-squamous, non-small cell lung cancer. This approval was based on an improvement in survival time when Avastin was added to a standard chemotherapy regimen. Non-small cell lung cancer accounts for 75 percent of the 174,400 new cases of lung cancer that are expected to be diagnosed this year. Lung cancer is the leading cause of cancer-related death in men and women. Avastin is

manufactured by Genentech, Inc., in South San Francisco, Calif. <http://www.fda.gov/bbs/topics/NEWS/2006/NEW01488.html>

- Genentech announced that it plans to initiate a first-of-its-kind program to cap the overall expense of Avastin to \$55,000 per year per eligible patient for any FDA-approved indication. The program will be available for eligible patients regardless of whether they are insured. The company plans to launch the new program in January 2007. <http://www.gene.com/gene/news/press-releases/display.do?method=detail&id=10107>
- The Department of Health and Human Services (HHS) announced awards totaling \$58,025,562 through the Compassion Capital Fund (CCF). The awards, to 420 faith-based and community organizations, are designed to help grass-roots faith-based and community organizations enhance their ability to provide a wide range of social services for those in need. Those services include aid for homeless persons, at-risk youth and rural communities and initiatives to empower youth and promote healthy marriage. The awards consist of four sets of grants. The first involves the CCF Demonstration Program and totals \$5 million for ten organizations. These groups will serve as intermediaries to help build the capacity of smaller faith-based and community organizations. The second set totals \$15,116,280 for 310 faith-based and community organizations under the CCF Targeted Capacity Building Program. The areas of focus for this program include at-risk youth, homeless persons, rural communities and strengthening marriage. The third set of awards inaugurates the Communities Empowering Youth (CEY) program, a new program created in response to First Lady Laura Bush's Helping America's Youth initiative. CEY provides funding to strengthen existing community coalitions working to combat gang activity and youth violence and provide positive alternatives for at-risk youth. Under this new program, \$30 million is awarded to 100 organizations to build the capacity of their coalitions, better enabling them to reduce youth violence in communities across the country. In addition, grants totaling \$7,909,282 were awarded to continue currently funded CCF programs. To view a complete list of today's awards, go to: http://www.acf.hhs.gov/news/press/2006/ccf_fy_2006_data.pdf. For more information on the Compassion Capital Fund, go to: <http://www.acf.dhhs.gov/programs/ccf/>.
- On Oct. 6, 2006, the Office of Generic Drugs (OGD) in the Food and Drug Administration (FDA) announced it has adopted a new information technology system for reviewing and archiving Abbreviated New Drug Applications (generic drug applications or ANDAs) electronically. OGD recently began using the Division File System (DFS) as a repository for Abbreviated New Drug Application (ANDA) review and regulatory documents in order to improve the efficiency of the generic review process. This version of DFS, which has been used by the Office of New Drugs (OND) within the Center for Drug Evaluation and Research

(CDER) since October of 2000, provides document management, tracking, archiving, and electronic signature capabilities for internally generated review documents and search and retrieval capabilities for final versions of internally generated review documents. This system will now allow electronic archiving of ANDA documents for better tracking and search capabilities. It will also enable reviews to become part of the official electronic record for a specific generic drug application. DFS is also a mechanism for OGD and OND to have access to reviews completed in either Office, thus allowing full access to all available information on approved drug products. <http://www.fda.gov/bbs/topics/NEWS/2006/NEW01482.html>

- According to the *Boston Globe*, the state's landmark health insurance law that went into effect on Oct. 2 contains a little-known loophole. The mandate that all residents have coverage by next summer does not include children. As a key aspect of the program starts today, some advocates for the uninsured are worried that some of the state's 40,000 to 78,000 uninsured children will remain uncovered if parents cannot afford health plans that cover their entire family. Lower-income families can purchase inexpensive coverage for their children through Medicaid. But middle-class parents, faced with financial penalties if they go uninsured, could forgo coverage for their children that can cost hundreds of dollars extra a month. The law requires residents age 18 and over to have coverage by July 1 or face income tax penalties. It expands Medicaid coverage to children in families with incomes up to 300 percent of the federal poverty level—about \$60,000 annually for a family of four—more generous than the previous limit of 200 percent. But parents are not obligated to cover their children. Just under five percent of Massachusetts children are uninsured or 78,000 youngsters, compared with 11.6 percent nationally.

http://www.boston.com/yourlife/health/children/articles/2006/10/02/coverage_of_children_not_required_in_health_law?mode=PF

- DrugDigest.org now offers a Web-based service that generates a list of generic and over-the-counter alternatives to brand name drugs. DrugDigest.org is the consumer health and drug information Web site of St. Louis-based Express Scripts Inc., a pharmacy benefit manager, in cooperation with the St. Louis College of Pharmacy. The site was used by more than 9.8 million visitors in 2005. The site also offers a drug comparison, drug interaction checker, side effect comparison, health risk assessment and medication safety tips. Doctors of pharmacy from St. Louis College of Pharmacy, staff clinical pharmacists and physicians, and medical editors review DrugDigest materials for accuracy and timeliness.

<http://www.bizjournals.com/stlouis/stories/2006/09/25/daily41.html?t=printable>

- The Centers for Medicare and Medicaid Services (CMS) announced that through more aggressive local oversight and specially targeted fraud and abuse initiatives, it has saved more than \$2 billion in Medicare claims in special projects focusing on infusion

therapy and those services provided by Independent Diagnostic Testing Facilities. CMS has made more than 980 Medicare fee-for-service program referrals to law enforcement authorities since October 2004. In addition, CMS is continuing its aggressive local efforts in fee-for-service oversight and helping to identify and combat fraud in the new Medicare prescription drug benefit with the addition of four new Medicare Drug Integrity Contractors (MEDICs). By using the Medicare Integrity Contractors, CMS is able to use new and innovative techniques to monitor and analyze data to help identify fraud; work with law enforcement, prescription drug plans, consumer groups and other key partners to protect consumers and enforce Medicare's rules; and provide basic tips for consumers so they can protect themselves from potential scams. The three new regional MEDICs are: Science Applications International Corporation in the West; Electronic Data Systems (EDS) in the North and Northeast; and Health Integrity (the current MEDIC serving the entire country, which will now cover) the Southeast only. In addition to the three regional MEDIC Contractors, CMS awarded a fourth MEDIC contract entitled the "One Program Integrity System Integrator" (One PI) to EDS. EDS is tasked with assisting CMS in the development of a centralized data approach for program integrity activities. The work of the new MEDICs will add to the range of steps already in place to prevent fraud and abuse in the Medicare prescription drug benefit. <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=2030>

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Reserve/Guard

- The total number of Guard and Reserve currently on active duty has **decreased** by 117 from the last report to 100,694. The totals for each service are Army National Guard and Army Reserve, 80,234; Navy Reserve, 6,053; Air National Guard and Air Force Reserve, 6,925; Marine Corps Reserve, 7,217; and the Coast Guard Reserve, 265. www.defenselink.mil

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Contracts/Procurements

- On Oct. 7, 2006, the MEDCOM Health Care Acquisition Activity, Center for Health Care Contracting, in Fort Sam Houston,

Texas issued a solicitation notice to fulfill a contract to provide Active Component (AC) Post-Deployment Health Reassessment (PDHRA) screenings to all eligible Soldiers who have redeployed home from a combat zone. A team shall, at the minimum, consist of a Health Care Professional (HCP) (Physician Assistant or Nurse Practitioner, Behavior Health Specialist) and administrative support personnel. The HCPs shall report to the medical treatment facility (MTF) director. The primary objective of the PDHRA Team is to augment existing MTF and Soldier Readiness Processing (SRP) personnel to conduct PDHRA medical screenings on all eligible Soldiers and proactively identify health concerns that emerge over time following deployments, to help remove potential barriers, and facilitate the opportunity for Service members to have their general and mental health needs and concerns addressed following deployments. The contractor shall provide personnel and management necessary for multidisciplinary health assessment teams to include travel to Army military installations to conduct the PDHRA screenings for Soldiers who have returned to their home station in the preceding 90-180 days. The contractor shall have the technical capability to field traveling teams to multiple sites for extended periods. The contractor service providers shall conduct screenings of up to 12,000 active duty U.S. Army soldiers per month. The proposed acquisition is a competitive 8(a) set aside under NAICS code 621999. The contract period will be for a base period from Dec. 1, 2007 through Sept. 30, 2007 and four, one-year option periods through Sept. 30, 2011. All responses are requested by Nov. 6, 2006. https://acquisition.army.mil/asfi/solicitation_view.cfm?psolicitationnbr=W81K0406R0025

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Reports/Policies

- The GAO issued “*Medicare Integrity Program: Agency Approach for Allocating Funds Should Be Revised*,” (GAO-06-813) on Sept. 6, and released it on Oct. 6, 2006. In this report, GAO determined the amount of Medicare Integrity Program (MIP) funds that CMS has allocated to the five program integrity activities over time; the approach that CMS uses to allocate MIP funds; and how major changes in the Medicare program may affect MIP funding allocations.

<http://www.gao.gov/new.items/d06813.pdf>

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Legislation

- No legislation was proposed this week.

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Hill Hearings

- There are no hearings scheduled.

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Meetings / Conferences

- 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/>

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If you need further information on any of the items in the Federal Health Update, please contact Kate Connelly Theroux at (703)

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