

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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"Our freedoms, democratic traditions and American way of life rest on the shoulders of heroes who were willing to face extraordinary challenges and make astonishing acts of self-sacrifice." -- Secretary of Veterans Affairs Jim Nicholson during a ceremony where he awarded the Purple Heart Medal to four service men wounded in Iraq and Afghanistan.

Congressional Schedule

- The House and Senate are in recess until Nov. 9, 2006.

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Military Health Care News

- On Oct. 31, 2006, TRICARE Management Activity announced the implementation of a new policy that allows the families of reactivated National Guardsmen and Reservists enrolled in TRICARE Prime under

the Transitional Assistance Management Program (TAMP) to keep their Prime coverage when they re-enroll within 30 days after the sponsor's activation. Previously, family members were automatically switched to TRICARE Standard when their sponsors were recalled to active duty; lost their TAMP coverage and were disenrolled from TRICARE Prime.

TAMP offers TRICARE Prime coverage for 180 days to some service members leaving active duty and their eligible family members. The new policy authorizes a 30-day retroactive TRICARE Prime enrollment period for transitioning family members. <http://tricare.osd.mil/news/news.aspx?fid=237>

- According to the American Board of Pediatrics, two of the four perfect scores—100 percent—for the Pediatric Training Program Pass Rates were given to the Naval Medical Centers in San Diego, Calif. and Portsmouth, Va. The report contains information about the general pediatric certifying examination performance of programs accredited by the Accreditation Council for Graduate Medical Education (ACGME) and the Royal College of Physicians and Surgeons of Canada (RCPSC). <https://www.abp.org/ABPWebSite/>
- TRICARE Management Activity (TMA) published two new tools that provide information about the TRICARE Reserve Select benefit. The [TRICARE Reserve Select Handbook](#) is a 40-plus-page handbook providing detailed, updated information about the TRS benefit. The [TRICARE Reserve Select: Summary of Beneficiary Costs Flyer](#) provides an overview of costs for TRS members. Both are available to view and download at <http://tricare.osd.mil/reserve/reserveselect/TRS-products.cfm>.
- On Nov. 1, 2006, TRICARE Management Activity implemented Section 715 of the National Defense Authorization Act for fiscal year 2006, which extends transitional survivor status at the active duty family member payment rate for surviving children of service members who died while serving on active duty for more than 30 days. The law also enhanced TRICARE benefits for surviving children and spouses of deceased active duty service members. The enhancements are retroactive for dates of death on or after Oct. 7, 2001, and apply only to medical benefits and payments rates.

Under the new law, minor children and unmarried dependent children remain in transitional survivor status, at the active duty payment rate, until they reach age 21, or up to age 23 if they are enrolled full-time in a secondary school or institute of higher learning (and if, at the time of death, they relied on their sponsor for more than 50 percent of their financial support). These children remain transitional survivors until they reach the eligibility age limit, marry or otherwise become ineligible for TRICARE. Transitional survivor status at the active duty family member payment rate for surviving spouses ends three years from the date of death of their active duty sponsor.

Children and unmarried dependent children incapable of self-support because of a mental or physical disability (incapacitated) remain in transitional survivor status for the longer of: three years from the sponsor's death, age 21, or up to age 23 if they are enrolled full-time in a secondary school or institute of higher learning (and if, at the time of death, they relied on their sponsor for more than 50 percent of their financial support). During the transitional survivor time period, eligible children and surviving spouses are eligible to enroll in TRICARE Prime, the TRICARE Prime Remote for Active Duty Family Members program, Overseas Prime, and Global Remote. Transitional survivors are also eligible for active duty-

specific programs such as the Extended Care Health Option (ECHO) and hearing aids.

Eligibility for these additional programs and benefits is retroactive to Oct. 7, 2001, or the day TRICARE implemented the program, whichever is later. TRICARE will reprocess medical claims originally processed and paid at the retiree payment rate for affected surviving family members and refund the difference in enrollment fees, cost shares or copayments paid at this rate and the transitional survivor active duty family member payment rate that now applies. <http://tricare.osd.mil/news/news.aspx?fid=239>

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Veterans Health Care News

- The Department of Veterans Affairs (VA) announced on Oct. 30, 2006 that Bob Howard, a retired Army major general, was recently sworn in as the VA Assistant Secretary for Information and Technology. Howard, a native of Everett, Mass., was confirmed by the Senate on Sept. 30. In his new position, he serves as the department's Chief Information Officer, advising Nicholson on matters related to information and cyber security, including the centralization of information technology within the Department. Before coming to VA, Howard spent 33 years with the U.S. Army. <http://www1.va.gov/opa/pressrel/pressrelease.cfm?id=1198>
- On Nov. 1, 2006, Secretary of Veterans Affairs Jim Nicholson awarded the Purple Heart Medal to four service men wounded in Iraq and Afghanistan. During a ceremony today at the National Press Club, Nicholson presented the Purple Heart Medal to Army Sgt. Tyrone Carelock from Washington, D.C.; Marine Sgt. Jeffrey Combs from White Plains, N.Y.; Army Pvt. Kevin Araujo from Houston; and Army Spec. Nicholas Helfferich from Latrobe, Pa. Joining the Secretary at the National Press Club was Tom Poulter, commander of the Military Order of the Purple Heart (MOPH). With 36,000 members, all recipients of the military's unique award for combat injuries, MOPH is opening the National Purple Heart Hall of Honor at New Windsor, N.Y., on Nov. 10. The Hall of Honor is dedicated to the 1.7 million Americans wounded or killed in action while serving in the military since the Revolutionary War. <http://www1.va.gov/opa/pressrel/pressrelease.cfm?id=1199>
- *Military Update* reports that the Veterans' Disability Benefits Commission unanimously rejected a proposal that the VA begin offering veterans with lower-rated disabilities a lump-sum payment instead of lifetime monthly compensation during public meetings held on Oct. 19-20, 2006. The commission, created by Congress in 2004, is conducting the first comprehensive review of veterans' disability benefits in 50 years. Its recommendations are to be delivered to lawmakers next fall. <http://www.military.com/features/0,15240,117828,00.html>

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Health Care News

- On Oct. 30, 2006, the Department of Health and Human Services (HHS) announced that it implemented the Unified Financial Management System (UFMS) at its headquarters and seven of its ten agencies. The

purpose of this new system is to modernize and streamline HHS' financial management system. The system will allow HHS to maintain common information on its vendors and their contract performance and allows HHS to more effectively manage contracts and analyze vendor performance. UFMS has been operational in the Centers for Disease Control and in the Food and Drug Administration since April 2005.

This month's "go-live" brings seven other HHS agencies under the UFMS umbrella, including: the Office of the Secretary, Health Resources and Services Administration, Substance Abuse and Mental Health Services Administration, Agency for Healthcare Research and Quality, Administration for Children and Families, Administration on Aging, and Program Support Center. The UFMS is built using a federally-certified commercial off-the-shelf software package called Oracle® Federal Financials, a part of Oracle E-Business Suite. HHS contracted with BearingPoint, Inc., a business consulting and systems integration company to assist with the development and implementation of the UFMS.

<http://www.hhs.gov/news/press/2006pres/20061030a.html>

- The Department of Health & Human Services (HHS) Agency for Healthcare Research and Quality (AHRQ), in partnership with the American Academy of Pediatrics (AAP), released "[*Pediatric Terrorism and Disaster Preparedness: A Resource for Pediatricians.*](#)" on Oct. 27, 2006. The resource is intended to increase awareness about the unique needs of children and encourage collaboration among pediatricians, state and local emergency response planners, health care systems, and others involved in planning and response efforts for natural disasters and terrorism incidents. The publication provides an overview of the role of national, regional, and local emergency response systems before, during, and after disasters and terrorism events.

The pediatrician's role in collaborating with this infrastructure and local emergency departments, schools, and day care facilities is highlighted. Individual chapters provide detailed information on the triage, supportive care, and referral of children affected by natural, biological, chemical, radiological, nuclear, and blast events. Children's emotional and mental health needs are also described, including the treatment of post-traumatic stress disorder, depression, and behavioral problems that often result from these incidents. In addition to advice on integrating the information into emergency response plans, the resource also contains an extensive list of suggested references and a discussion of lessons learned from Hurricane Katrina. <http://www.ahrq.gov/news/press/pr2006/pedterpr.htm>

- The Centers for Disease Control and Prevention (CDC) will launch a national public education and awareness campaign for chronic fatigue syndrome (CFS) on Nov. 3, 2006. The campaign – "Get Informed. Get Diagnosed. Get Help." – is designed to increase awareness of CFS among the public and healthcare providers. In the U.S., an estimated one million people are affected by CFS. Of that number, 80 percent of patients have not been diagnosed and are not receiving proper medical care for their illness.

Diagnosing CFS is a challenging process because there is no diagnostic test or biomarker to clearly identify the disorder. Diagnosis can also be complicated by the fact that the symptoms and severity of CFS vary considerably from patient to patient. The campaign will provide the latest information regarding the diagnosis and treatment of CFS, as well as national print advertising and public service announcements for TV and radio. A website, www.cdc.gov/cfs, provides easy-to-understand, downloadable educational tools for patients, their families and health care professionals.

- The Centers for Medicare and Medicaid Services (CMS) announced a 3.3 percent market basket increase for Medicare payment rates for home health services for calendar year 2007. The home health prospective payment system (HH PPS) annual update will bring an estimated additional \$410 million in wage adjusted payments to home health agencies next year. Medicare pays home health agencies through a prospective payment system (PPS), which pays at higher rates for care furnished to beneficiaries with greater needs. Payment rates are based on relevant data from patient assessments conducted by clinicians as currently required for all Medicare-participating home health agencies (HHAs). <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=2040>
- On Nov. 1, 2006, the Centers for Medicare and Medicaid Services (CMS) issued a [final rule](#) for Medicare payment for hospital outpatient services in calendar year (CY) 2007 that will implement new steps to make payments more accurate and to promote higher quality and value in outpatient care. Included in the final outpatient prospective payment system (OPPS) rule are provisions expanding quality reporting requirement for hospital inpatient services as well as expanding the list of services for which Medicare will make payment to ambulatory surgical centers in 2007. Hospitals would receive an estimated \$32.5 billion in CY 2007 under the final rule that revises policies and payment rates under the OPPS for outpatient services provided to Medicare beneficiaries.

The final rule affects outpatient services furnished by general acute care hospitals, inpatient rehabilitation facilities, inpatient psychiatric facilities, long-term acute care hospitals, children's hospitals, and cancer hospitals. As provided by statute, the rule includes a 3.4 percent market basket update to Medicare payment rates for services paid under the hospital OPPS for CY 2007. After taking into account other factors that affect the level of payments, CMS estimates that hospitals will receive an overall average increase of 3.0 percent in Medicare payments for outpatient department services in 2007 due to the changes in this final rule. <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=2042>

- Effective Jan. 1, 2007, the Medicare program will pay physicians more for the time they spend talking with Medicare beneficiaries about their health care and will pay for a broader range of preventive services. The new rule encourages a stronger emphasis on the physician-patient relationship CMS projects that it will pay approximately \$61.5 billion to over 900,000 physicians and other health care professionals in 2007 as a result of the payment rates and policies adopted in this rule. This new spending figure reflects current law requirements to reduce payment by 5 percent to account for the combined growth in volume and intensity of physician services.

In addition, the new rule expands Medicare's preventive services benefits, as provided for in the Deficit Reduction Act of 2005 (DRA). Beginning Jan. 1, Medicare will pay for preventive ultrasound screening for abdominal aortic aneurysms (AAA) for at risk beneficiaries as part of the Welcome to Medicare physical. It also expands the number of beneficiaries who qualify for bone mass measurement due to long term steroid therapy and exempts the colorectal cancer screening benefit from the Part B deductible, eliminating a potential financial barrier to using this benefit. <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=2044>

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Reserve/Guard

- The total number of Guard and Reserve currently on active duty has **decreased** by 1,763 from the last report to 98,569. The totals for each service are Army National Guard and Army Reserve, 79,345; Navy Reserve, 5,507; Air National Guard and Air Force Reserve, 6,290; Marine Corps Reserve, 7,162; and the Coast Guard Reserve, 265.

www.defenselink.mil

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Contracts/Procurements

- The Centers for Medicare and Medicaid Services (CMS) has begun the acquisition process for the seven A/B jurisdictions comprising Cycle One of the Medicare Administrative Contractor (MAC) implementation. CMS has released the first of two Requests for Proposal (RFPs) that will form the basis for the MAC contracts which are expected to be awarded in 2007. This Request for Information (RFI) relates to the remaining Cycle One and Cycle Two MAC procurement jurisdictions. CMS is interested in streamlining the proposal responses to ensure an offeror need only provide proposal response information once when that same information applies equally to all jurisdictions.

This streamlining would prevent evaluation of duplicated proposal material. CMS' goal is to reduce as much burden as possible on offerors and government evaluators while preserving the integrity of the acquisition process. Since CMS has not yet released RFP #2, potential offerors should consider the Technical Proposal sections from RFP #1, including all amendments, as a model for comparison, and provide CMS with what the offeror believes to be commonalities across all jurisdictions. Please send your response to this RFI to Desiree.Wheeler@cms.hhs.gov no later than noon, Wednesday, Nov. 8, 2006. <http://fs2.fbo.gov/EPSTData/HHS/Synopses/3305/AB-MAC-Cycle-One-and-Cycle-Two/RequestForInformation.doc>

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Reports/Policies

- The GAO issued "*DoD Personnel Clearances: Additional OMB Actions Are Needed to Improve the Security Clearance Process*," (GAO-06-1070) on Sept. 28, 2006, and released it Oct. 30, 2006. The report examines the clearance process for industry personnel and addresses the timeliness of the process and completeness of documentation used to determine the eligibility of industry personnel for top secret clearances.

<http://www.gao.gov/new.items/d061070.pdf>

- The GAO issued "*Military Personnel: Reserve Components Need Guidance to Accurately and Consistently Account for Volunteers on Active Duty for Operational Support*," (GAO-07-93) on Oct. 31,

2006. The report identified the factors that led to the increase in DoD's requests for the maximum number of volunteer reserve personnel authorized to be on active duty for operational support since DoD's initial request in fiscal year 2005; and assessed the extent to which the reserve components have consistently reported the number of reservists serving in an operational support capacity since 2005.

<http://www.gao.gov/new.items/d0793.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 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 American College of Preventive Medicine (ACPM) will hold "Preventive Medicine 2007," on **Feb. 21-25, 2007**, in Miami, Florida.
- 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) 447-3257 or by e-mail at kate@usminstitute.org. To subscribe, please visit <http://usminstitute.org/subscriber.cfm>. To unsubscribe, please send an email to update@usminstitute.org with UNSUBSCRIBE as the subject.