

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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“We will be one integrated health system, which uses the assets of all health treatment facilities in the NCA. We will remain a world-wide military referral center and the premier academic medical system which provides quality care, education and research.” —Maj. Gen. George W. Weightman, commander of Walter Reed Army Medical Center (WRAMC) and North Atlantic Regional Medical Command, during a town hall for the WRAMC staff on Nov. 17, 2006.

Congressional Schedule

- On Nov. 17, 2006, President Bush signed into law: H.J.Res.100, which provides FY 2007 appropriations for continuing projects and activities of the Federal Government through Friday, Dec. 8, 2006.
- The House and Senate are in recess until Dec. 4, 2006.

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Military Health Care News

- The Department of Defense, TRICARE Management Activity issued an interim final rule in the [Federal Register](#) on Nov. 17, 2006. This rule implements section 713 of the National Defense Authorization Act for Fiscal Year 2006 (NDAA for FY06), Public Law 109-163, which expands the eligibility for survivor benefits under the TRICARE Dental Program (TDP) to include the active duty spouse of a member who dies while on active duty for a period of more than 30 days. This rule is effective November 17, 2006.
- The Department of Defense, TRICARE Management Activity issued a notice in the [Federal Register](#) on Nov. 20, 2006, to advise interested parties of a Military Health System (MHS) demonstration project entitled TRICARE Provider Reimbursement Demonstration Project for the State of Alaska. The delivery of health care services in the State of Alaska represents a unique situation that cannot be addressed fully by strictly applying the same reimbursement rules that apply to TRICARE programs in the other 49 states without some modification. Typically, provider payments are the same as under Medicare, unless the Department has taken specific action to increase payment rates in response to a particular, severe access problem in a location.

Under this demonstration, payment rates for physicians and other non-institutional individual professional providers in the State of Alaska will be set at a rate higher than the Medicare rate. The demonstration project will test the effect of this change on provider participation in TRICARE; beneficiary access to care; cost of health care services; military medical readiness; morale and welfare. In particular, the demonstration will test whether the increased costs of provider payments are offset in whole or part by savings in travel costs, lost duty time, and other factors. This demonstration will begin Jan. 1, 2007, and will remain in effect for a period of 3 years.

- According to the *Stripe* newspaper, the new, joint staffed Walter Reed National Military Medical Center (WRNMMC) in Bethesda will come under Navy command and control when it opens in 2011 or soon thereafter. Maj. Gen. George W. Weightman, commander of Walter Reed Army Medical Center (WRAMC) and North Atlantic Regional Medical Command, announced that an admiral will be at the helm of WRNMMC at a town hall meeting for the WRAMC staff. Although Base Realignment and Closure decisions affecting Walter Reed became law about a year ago, WRAMC and Bethesda have been integrating clinically, and in some cases administratively, for several years.

http://www.dcmilitary.com/stories/112306/stripe_27789.shtml

- PGBA LLC, claims processor for the TRICARE program, has been honored for providing outstanding service to beneficiaries and providers through its Web site, myTRICARE.com. New York-based publication “eHealthcare Strategy & Trends” announced that myTRICARE.com had received the publication’s second-highest honor – a Gold Award – for best eBusiness Web Site as part of the prestigious 2006 eHealthcare Leadership Awards. In all, some 220 healthcare organizations were recognized for their Web sites from more than 1,100 entries. A complete list of 2006 winners is available at <http://www.strategichealthcare.com/awards/index.php>.

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Veterans Health Care News

- According to the Department of Veterans Affairs' (Va's) quarterly report to Congress, the VA has dramatically improved its performance—more than 80 percent--in seeing new veterans. In the first part of 2006, nearly 18,000 veterans had to wait thirty days or longer to see a VA doctor for the first time. By October, that number had dropped to less than 4,000. Some of the biggest improvements have come in what the VA calls "VISN 20," an area of the country which includes most of Chairman Craig's home state of Idaho, as well as Alaska, Washington, Oregon, and one county each in Montana and California. In the second quarter of 2006, over 7,000 veterans in those western states had waited thirty days or more to see a doctor. By October, that number had dropped to less than 2,000. There are over 7 million veterans enrolled in VA health care, and VA officials report that 96 percent are able to see a primary care doctor within 30 days. The number slips only slightly for specialty care doctors. VA reports that 94 percent of enrolled veterans are able to see a specialty care physician within 30 days. <http://veterans.senate.gov>

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Health Care News

- The U.S. Department of Health & Human Services' (HHS) Agency for Healthcare Research and Quality (AHRQ) released [*"Providing Mass Medical Care with Scarce Resources: A Community Planning Guide,"*](#) on Nov. 16, 2006. The guide provides community planners, as well as planners at the institutional, state and federal levels, with valuable information that will help their efforts to plan for and respond to a mass casualty event (MCE), such as an influenza pandemic. This guide examines MCE response and preparedness challenges across a wide range of health care settings and provides recommendations for planners in specific areas. It also discusses ethical and legal considerations related to MCE planning in pre-hospital, hospital, acute-care, and alternative-care sites. Planning for palliative care, or the aggressive management of symptoms and relief of suffering, that must be integrated into the planning for, and response to, an MCE, also is covered.

- The Department of Health & Human Services' (HHS) Agency for Healthcare Research and Quality (AHRQ) a new tipsheet, [*"10 Patient Safety Tips for Hospitals,"*](#) on Nov. 16, 2006. AHRQ compiled practical tips for promoting a culture of patient safety; limiting shifts for medical residents and interns; and adopting interventions to reduce cases of ventilator-associated pneumonia and catheter-related urinary tract infections are among the evidence-based research findings to help hospitals provide the highest quality care possible. The tips cover a range of activities including how to reduce the likelihood of fatigue-related mistakes, ensuring safety in intensive care units (ICUs), using technology to improve clinical care, and more. Each tip provides a brief synopsis of key data or findings from AHRQ-supported research to help organizations recognize the benefit of changing their current practices. AHRQ is also working with hospitals, nurses, medical residency program directors, and others to disseminate these findings.

- On Nov. 16, 2006, Pearson Government Solutions announced it won a \$440 million contract from the Centers for Medicare and Medicaid Services (CMS) to manage the Beneficiary Contact Center program. The contract expands and continues Pearson's work with CMS for an additional two and a half years in support of the 1-800-MEDICARE Help Line, considered one of the largest citizen contact management

programs in the federal government. Pearson Government Solutions has managed the program since 2002. Under the new contract, Pearson Government Solutions will manage all 1-800-MEDICARE calls. With more than 20 million calls annually, the Help Line is accessible 24 hours a day, 7 days a week in English or Spanish in all 50 states, Washington, D.C., Puerto Rico, Guam, American Samoa and Northern Mariana Islands. Medicare beneficiaries call the Help Line to receive general information and printed materials on Medicare and Medicare health plan options and the new Medicare Prescription Drug Program known as Part D.

In addition, Pearson will manage Medicare claims calls and written correspondence. This award represents the first task order under the Contact Center Operations Indefinite Delivery-Indefinite Quantity (IDIQ) valued at \$9 billion over 10 years. In addition, Pearson also won the Contact Center Systems and Support IDIQ valued at \$1 billion over 10 years. The two contract vehicles represent a combined total of \$10 billion in potential new health business opportunities for Pearson Government Solutions over the next decade. <http://www.prnewswire.com/cgi-bin/stories.pl?ACCT=104&STORY=/www/story/11-16-2006/0004475946&EDATE=>

- During the National Summit for Employers, HHS Secretary Mike Leavitt encouraged employers nationwide to commit to the four cornerstone goals that President Bush outlined in his Aug. 22 [Executive Order](#) to improve health care quality and reduce health costs by improving information in the health care sector. Fundamental information about health care quality and costs of services is largely unavailable today to consumers, to payers, and to providers alike. Without this information, it is difficult to make informed choices and seek out the best quality at the most affordable price. This contributes to higher health care costs overall. Leavitt suggested that employers adopt common standards for connecting health information technology and quality of care reporting; as well as provide the costs of health services in advance and provide incentives for quality care at competitive prices, as in payments to providers based on the quality of their services, or insurance options that reward consumers for choosing on the basis of quality and cost. More information is available at www.hhs.gov/transparency.
- The Centers for Medicare and Medicaid Services (CMS) released Medicare payment information for physicians and hospital outpatient departments to help consumers, providers, and payers make more informed health care decisions. This information includes data for common services provided in physicians' offices, as well as services performed in a hospital outpatient department; and complements the inpatient hospital and ambulatory surgery center data already posted to [CMS' Health Care Consumer Initiatives Web site](#). The new information will allow consumers and users of the data to compare the costs and procedures, which may vary depending upon the site of service; and to select the most appropriate setting for the delivery of high quality, efficient care. The information includes payment rates for more than 70 physician services rendered in non-office settings, as well as 19 services usually performed in a physician's office. The outpatient hospital payment data being released also will give information for commonly performed procedures. <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=2048>
- The Department of Health and Human Services (HHS) announced the purchase of additional vaccine that could be used in the event of a potential influenza pandemic. HHS awarded contracts totaling \$199.45 million to three vaccine makers to manufacture 5.3 million 90-microgram doses of influenza vaccine designed to protect against the H5N1 influenza virus strain. The three awards include a \$117.9 million

contract to Sanofi Pasteur for 3.7 million doses, a \$40.95 million contract to Novartis for 800,000 doses and a \$40.6 million to GlaxoSmithKline for 800,000 doses. At two 90-microgram doses per person, these purchases provide enough courses to vaccinate nearly 2.7 million people, supplementing the existing stockpile of 5.9 million doses of H5N1 vaccine and build on HHS' plan to buy enough vaccine for 20 million people. This additional vaccine will be placed in the nation's Strategic National Stockpile where they will be available for use should an influenza pandemic occur.

<http://www.hhs.gov/news/press/2006pres/20061120.html>

- On Nov. 15, 2006, the Office of the Surgeon General released a new and improved [My Family Health Portrait](#) Web site. The web-based tool allows users to complete a family history and save it to their hard drives; and is available in both English and Spanish versions. Information can updated, organized and shared with other family members. The tool will create and print out a graphical representation of your family's generations and the health disorders that may have moved from one generation to the next. That is a powerful tool for predicting any illnesses for which you should be checked. The application also can be downloaded to a computer and run it on a local driver. Because of the importance of knowing your family health history, acting Surgeon General Kenneth P. Moritsugu, M.D., M.P.H., has declared Thanksgiving 2006 to be the third annual National Family History Day. Over the holiday or at other times when families gather, the Surgeon General encourages Americans to talk about, and write down, the health problems that seem to run in their family. Learning about their family's health history may help ensure a longer, healthier future together.

- Safeway Inc. announced a new strategic alliance with four major health care insurers to assist Safeway customers with information about the Medicare Part D prescription drug program. Partners include Blue Cross and Blue Shield of Illinois, Blue Cross and Blue Shield of Texas, Health Net of Arizona, and UnitedHealth Group. In addition, Safeway and Safeway-owned pharmacies will carry information about the health care insurers' own prescription plans designed especially for the Medicare Part D program. Working with the health care insurers to enhance the services available under Medicare Part D, Safeway pharmacies will co-sponsor educational outreach, including one-on-one consultations and health care literature, at most pharmacy locations.

Safeway operates 1,138 in-store pharmacies. Blue Cross and Blue Shield of Texas will provide these services to customers at the company's Tom Thumb and Randalls stores in Texas. Blue Cross and Blue Shield of Illinois will provide these services to customers at Dominick's Finer Foods in Chicago and surrounding areas. Customers of Safeway stores in Arizona will receive the services from Health Net of Arizona. UnitedHealth Group will assist customers at stores under all Safeway banners, including those previously mentioned, as well as at the Vons, Pavilions, Genuardi's, Carrs and Pak 'n Save stores. These strategic alliances are designed to better serve Medicare Part D participants and help them understand changes that will become effective Jan. 1, 2007 in their prescription drug coverage.

<http://www.genengnews.com/news/bnitem.aspx?name=9299947>

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Reserve/Guard

- The total number of Guard and Reserve currently on active duty has **decreased** by 990 from the last report to 96,977. The totals for each service are Army National Guard and Army Reserve, 78,832; Navy Reserve, 5,017; Air National Guard and Air Force Reserve, 5,676; Marine Corps Reserve, 7,089; and the Coast Guard Reserve, 363.

www.defenselink.mil

- The Department of Defense announced the appointment of G. Kim Wincup as the chairman of the Reserve Forces Policy Board, which serves as the principal policy advisor to the Secretary of Defense on reserve component matters. The 24-member Reserve Forces Policy Board, which acts through the Assistant Secretary of Defense for Reserve Affairs, was created by Congress in 1952. Members include the assistant secretary responsible for reserve affairs from each of the military departments and active and reserve component general and flag officers representing all services, including the Coast Guard.

<http://www.defenselink.mil/Releases/Release.aspx?ReleaseID=10199>

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Contracts/Procurements

- The Department of Health and Human Services, Office of Public Health Emergency Medical Countermeasures (OPHEMC) within the Office of Public Health Emergency Preparedness (OPHEP) and the Centers for Disease Control and Prevention (CDC) are supporting advanced development of clinical diagnostic point-of-care products for human influenza that meet clinical and public health needs. Developers of these clinical diagnostic products will require availability of laboratories to provide an independent analytical evaluation of the design of their prototype product(s) to support feasibility for further advanced development. Highly pathogenic avian influenza virus samples and other biological samples will be used in these evaluations.

Any work with live wild-type highly pathogenic influenza H5N1 viruses must be conducted in a USDA-approved Biosafety Level 3 enhanced containment facility. The contractor will develop testing protocols; receive prototype influenza point-of-care diagnostic tests and influenza virus samples for use in testing; prepare samples and verify characterization as needed; perform testing with the candidate diagnostic test products; and document, analyze, and report findings. RFP 2007-N-09210 will be available on or about Jan. 2, 2007, at www.fbo.gov. This will be a full and open competition will be used in soliciting offers for this requirement. This procurement is not set-aside for small business. <http://www.fbo.gov/spg/HHS/CDCEP/PGOA/2007%2DN%2D09210/SynopsisP.html>

- The Centers for Medicare and Medicaid Services (CMS) issued a presolicitation notice to fulfill a requirement of Section 911 of the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA) to implement Medicare Contracting Reform (MCR) by 2011. MCR will bring standard contracting principles to Medicare, such as competition and performance incentives applied to other federal programs under the Federal Acquisition Regulation (FAR). Under CMS' new Medicare Administrative Contractor (MAC) authority, the new contractors 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.

CMS anticipates conducting full and open competition for the Part A and Part B Medicare Administrative Contractors (A/B MAC) for Jurisdiction 1 (comprised of the states of California, Nevada, Guam, Northern Mariana Islands, American Samoa, and Hawaii), Jurisdiction 2 (comprised of the states of Washington, Oregon, Idaho, and Alaska), Jurisdiction 7 (comprised of the states of Arkansas, Louisiana, and Mississippi) and Jurisdiction 13 (comprised of the states of New York and Connecticut). 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 four, stand-alone A/B MAC contracts. These contracts will include a base year and four, one-year options. CMS anticipates releasing the Request For Proposal on or about Dec. 15, 2006.

<http://www.fbo.gov/spg/HHS/HCFA/AGG/RFP%2DCMS%2D2007%2D0002/SynopsisP.html>

- The Centers for Medicare and Medicaid Services (CMS) issued a Sources Sought Notice on Nov. 22, 2006, seeking to identify businesses (in particular Small Business sources) with capabilities or prior experience conducting activities required by the Medicaid Integrity Program provisions in the Deficit Reduction Act. The activities include the review of the actions of individuals or entities furnishing items or services under a Medicaid state plan; the audit of claims for payment of these services; identifying overpayments to individuals or entities receiving Federal funds; and educating providers of services, managed care entities, beneficiaries, and other individuals with respect to payment integrity and quality of care. CMS anticipates providing selected contractors with related protocols for each activity. The Deficit Reduction Act (DRA) of 2005, Section 6034, signed Feb. 8, 2006, established the Medicaid Integrity Program (MIP). The MIP offers a unique opportunity to identify, recover, and prevent inappropriate Medicaid payments. It will also support the efforts of State Medicaid agencies through a combination of oversight and technical assistance. All responses must be sent via e-mail to thomas.snyder@cms.hhs.gov on or before 12:00 p.m (noon) EST on Wednesday, Dec. 19, 2006.

<http://www.fbo.gov/spg/HHS/HCFA/AGG/Reference%2DNumber%2D19561944/SynopsisR.html>

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Reports/Policies

- The GAO published “*Information Security: Agencies Need to Develop and Implement Adequate Policies for Periodic Testing*,” (GAO-07-65) on Oct.20, 2006 and released it Nov. 20, 2006. GAO surveyed 24 major federal agencies and evaluated the extent to which agencies have adequately designed and effectively implemented policies for testing and evaluating their information security controls. GAO also examined testing documentation at six agencies to assess the quality and effectiveness of testing on 30 systems. <http://www.gao.gov/new.items/d0765.pdf>

- The GAO released “*Social Security Administration: Short Time Frame and Workload Challenges Could Affect Timely Implementation of Income-Based Medicare Part B Premiums*,” (GAO-07-228R) on Nov. 17, 2006. Beginning Jan. 1, 2007, the premiums for the Medicare Part B Supplementary Medical Insurance program will be based on income, which will raise the premiums for approximately 1.65 million higher-

income beneficiaries to as much as 80 percent of the full cost over the three-year, phase-in period. Medicare Part B is a voluntary program administered by the Centers for Medicare & Medicaid Services (CMS) that covers doctors' services, certain outpatient services, and other care. While CMS administers the program, the Social Security Administration (SSA) is responsible for determining and assessing Medicare Part B income-based premiums once CMS has set the standard premium amount for the year. In the report, the GAO reviewed the process that SSA has established to determine and assess the new premiums.
<http://www.gao.gov/new.items/d07228r.pdf>

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Legislation

- **S.RES.620** (introduced Nov. 16, 2006): A resolution designating November 2006 as "National Lung Cancer Awareness Month" was agreed to by Unanimous Consent.
Sponsor: Senator Saxby Chambliss [GA]
- **S.4073** (introduced Nov. 16, 2006): A bill to designate the outpatient clinic of the Department of Veterans Affairs located in Farmington, Missouri, as the "Robert Silvey Department of Veterans Affairs Outpatient Clinic" was passed by Unanimous Consent.
Sponsor: Senator Jim Talent [MO]

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Hill Hearings

- The Senate Armed Services Committee (SASC) will hold hearings on **Dec. 5, 2006**, to examine the nomination of Robert M. Gates to be the next Secretary of Defense.
- The House Veterans Affairs Subcommittee on Economic Opportunity will hold a hearing on **Dec. 7, 2006**, to review Departments' actions regarding the recommendations of the 1999 Transition Commission Report.

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Meetings / Conferences

- The Food and Drug Administration (FDA) will hold a public workshop on issues related to the application process for seeking approval for marketed unapproved drugs on **Jan. 9, 2007** in Bethesda, Md.
http://www.fda.gov/cder/drug/unapproved_drugs.
- 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/>
- The Department of Defense Fifth Annual Suicide Prevention Conference will be held **March 5-8, 2007**, in Hollywood, Fla. <http://www.ha.osd.mil/2007mspc/>
- The 2007 International Symposium on Antimicrobial Agents and Resistance (ISAAR) will be held on **March 7-9, 2007**, in Singapore. http://www.isaar.org/sub01_invitation.asp

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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.