

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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“The performance of our military medical personnel in combat medicine is the best in history.” — Dr. William Winkenwerder Jr., assistant secretary of defense for health affairs, commenting on a Fox News story on the advancements in battlefield surgery.

Congressional Schedule

- The Senate is in recess until Dec. 4, 2006.
- The House is in recess until Dec. 5, 2006.

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Military Health Care News

- On Nov. 27, 2006, TRICARE Management Activity (TMA) announced that premium rates for the TRICARE Reserve Select program will not change in fiscal year 2007. TRICARE Reserve Select is the premium-based TRICARE health plan qualified National Guard and Reserve members may purchase. The plan offers comprehensive health coverage similar to TRICARE Standard and TRICARE Extra. TRICARE Reserve Select members and their covered family members may access care from any TRICARE-authorized provider, hospital or pharmacy as well as from a military clinic or hospital on a space-available basis. TRICARE Reserve Select premiums are currently divided into three tiers, based on the qualifications of the National Guard and Reserve members. <http://www.tricare.mil/pressroom/news.aspx?fid=245>
- The East County Primary Care Clinic's grand opening was Nov. 28, 2006. The new clinic, located in Santee, Calif., was built to accommodate military families and veterans who live outside of Navy and Marine Corps installations in San Diego County. Designed with families and children in mind, the clinic has an on-site child care and a child's waiting room, as well as a drive-through pharmacy. The clinic is the first one built off base. <http://www.marinetimes.com/story.php?f=1-292925-2385207.php>
- United Concordia Dental Insurance announced its [Federal Employee Dental and Vision Insurance Program \(FEDVIP\)](#), which offers affordable premiums and five-star customer service. For the first time, the program is making supplemental dental benefits available to nearly 8 million federal employees, annuitants and their dependents. Those who enroll in the FEDVIP program will have access to a national PPO network with more than 75,000 dental provider locations, offering broad availability to care across the country, including areas surrounding military installations. Federal employees will be able to use pre-tax payroll deductions for payment of premiums. Since 1996, United Concordia has been the dental insurer of U.S. military communities, enrolling over 1.7 members through the U.S. Department of Defense TRICARE Dental Program (TDP). The TDP serves family members of active duty military as well as Reserve/National Guard members and their families. <http://sev.prnewswire.com/insurance/20061128/CLTU05628112006-1.html>
- Humana Military Healthcare Services (HMHS) received an award on Nov. 13, 2006, for its innovation in IT solutions. InfoWorld, an integrated media brand for IT solutions management, gave HMHS the award in the Healthcare Category for projects that stretched beyond the typical, off-the-shelf solutions and used multiple technologies in innovative ways to serve well-defined business goals. The project integrated data systems across departments to automate manual functions. HMHS deployed Intervice for voice automation, giving customers a choice of speaking to an agent, as required in its government contract. HMHS, Department of Defense contractor, provides health benefits support and services to approximately 2.8 million active duty and retired military and their eligible family members in the 10-state South Region. <http://www.prnewswire.com/cgi-bin/stories.pl?ACCT=104&STORY=/www/story/11-30-2006/0004483110&EDATE=>
- According to *The Baltimore Sun*, Sen. Barbara A. Mikulski (D-Md.) sent a letter to Dr. William Winkenwerder Jr., the assistant secretary of defense for health affairs, asking him to launch an investigation into use of the drug, called Recombinant Activated Factor VII. She urged him to "immediately review the use and effects" of Factor VII to determine whether its potential risks outweigh its

benefits. Mikulski's letter followed a series of articles in *The Sun* highlighting the Army's liberal use of Factor VII despite evidence of potential complications. The series profiled two wounded soldiers from Illinois who were injected with the drug and later suffered blood clots that might have contributed to their deaths. Factor VII is approved by the U.S. Food and Drug Administration (FDA) for treating rare forms of hemophilia. In 2005, however, the FDA warned that its use in non-hemophiliacs has been associated with unwanted blood clots leading to deadly conditions such as stroke, heart attack and pulmonary embolism. Factor VII was introduced in Iraq in early 2004 as a treatment for traumatic bleeding that military doctors could not stop by any other means. Since then the \$6,000-a-dose drug has been administered to more than 1,000 wounded American troops. Senate Minority Whip Richard J. Durbin (D-Ill.) has also asked for the Department of Defense to investigate the allegations.

<http://www.baltimoresun.com/news/nationworld/bal-te.factorvii30nov30,1,7758981,print.story?coll=bal-iraq-headlines&ctrack=1&cset=true>

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Veterans Health Care News

- The Department of Veterans Affairs (VA) announced that six new members have been appointed to the Advisory Committee on Women Veterans for the VA. This committee, established in 1983, advises VA on issues and programs affecting women veterans. The new committee members include Velma Hart, from Upper Marlboro, Md.; Marlene R. Kramel from Pineville, La.; The Honorable Mary Antoinette (Toni) Lawrie, from St. Petersburg, Fla.; The Honorable Brenda L. Moore, from Getzville, N.Y.; Celia R. Szelwach, from Bradenton, Fla.; and Joanna Truitt, from West River, Md. The committee members are appointed to one, two, or three-year terms. Second only to elderly veterans, women veterans are the fastest growing segment of the veteran population.

There are approximately 1.7 million women veterans. They comprise 7 percent of the total veteran population and nearly 5 percent of all veterans who use VA health care services. VA estimates that by 2020 women veterans will comprise 10 percent of the veteran population. VA has women veterans program managers at VA medical centers and women veterans coordinators at VA regional offices to assist women veterans with health and benefits issues. To view the full list of committee members, please visit <http://www1.va.gov/opa/pressrel/pressrelease.cfm?id=1255>.

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Health Care News

- On Nov. 27, 2006, HHS Secretary Mike Leavitt, kicked off National Influenza Vaccination Week by urging Americans who have not gotten flu vaccinations yet to get them before flu season peaks. National Influenza Vaccination Week runs from Nov. 27 through Dec. 3. Flu vaccine makers have produced a record amount of vaccine to distribute this flu season. To make vaccination more convenient, HHS and its Centers for Disease Control and Prevention (CDC) call on the providers to extend their hours and locations, such as clinics for holiday shoppers at malls. Each year in the United States, 5 percent to 20 percent of the population is infected with influenza, about 36,000 people die from the flu, and more than 200,000 people are hospitalized because of influenza complications. The flu can affect otherwise-healthy

adults and children, as well as people with weaker immune systems such as infants and the elderly. Flu vaccine is especially recommended for those 50 and older, those with chronic illnesses, pregnant women, children six months until their fifth birthday, health care workers, and household contacts and caregivers of high-risk persons. <http://www.hhs.gov/news/press/2006pres/20061127.html>

- The Department of Health and Human Services (HHS) released the results of its Performance and [Accountability Report \(PAR\) for fiscal year \(FY\) 2006](http://www.hhs.gov/news/press/2006pres/20061122.html). It is the eighth consecutive year that HHS received a "clean" audit opinion on the department's consolidated financial statements. The PAR, similar to a corporation's annual report to shareholders, provides program results to help Congress, the President, and the public assess the department's performance relative to its mission. The PAR highlights significant accomplishments of the department. Most noteworthy in FY 2006 were the implementation of the Medicare prescription drug benefit and strengthening America's capacity to prepare and respond to natural and manmade threats—including pandemic flu. The report also describes initiatives HHS is undertaking to ensure that the resources entrusted to it are managed in a responsible, efficient and effective manner. <http://www.hhs.gov/news/press/2006pres/20061122.html>
- The Centers for Medicare and Medicaid Services (CMS) published a final rule in the [Federal Register](http://www.federalregister.gov) on Nov. 27, 2006, revising requirements in the hospital conditions of participation (CoPs) for completion of history and physical examinations, authentication of verbal orders, securing medications, and completion of post anesthesia evaluations. The new rule addresses concerns of the health care community that the old regulations were outdated and unduly burdensome. This final rule will ensure that CMS requirements are consistent with current standards of practice, to provide hospitals and practitioners greater flexibility in meeting the needs of patients, and to reduce unnecessary regulatory burden for hospitals. The rule goes into effect on Jan. 26, 2007. [112806CMSNR](http://www.federalregister.gov).
- According to the *Wall Street Journal*, a coalition of businesses including Intel, Wal-Mart Stores and BP PLC, next week are expected to unveil a plan to offer their employees digital health records and to store them in a massive data warehouse linking hospitals, doctors and pharmacies. The companies reportedly have collaborated on a records standard, and about 10 employers are expected soon to invest about \$1.5 million each to build a data warehouse to store and update the records.
- Robert G. McSwain, Indian Health Service (IHS) deputy director, and John Hubbard, Jr., IHS Navajo Area director, have been selected as recipients of the 2006 Presidential Rank Award. Each year, the President recognizes a small group of career Senior Executives with the Presidential Rank Award. This prestigious award is given to executives who have demonstrated their ability to lead a government that delivers great service, fosters partnerships and community solutions to achieve results, and continuously pushes itself to get the job done more effectively and efficiently.

Mr. McSwain, a member of the North Fork Rancheria of Mono Indians of California, shares responsibility with the IHS Director for the total management of a \$3.1 billion national health care delivery program responsible for providing preventive, curative, and community care for approximately 1.8 million of the nation's estimated 3.3 million American Indians and Alaska Natives. John Hubbard, Jr., a member of the Navajo Nation, oversees the provision of a varied health care delivery program to members of the Navajo Nation and the San Juan Paiute Tribe residing on and adjacent to the Navajo Nation in the states of

Arizona, New Mexico, and Utah.

- The *Associated Press* reports that the Medicare drug benefit has more than 30 percent under budget—costing about \$30 billion instead of \$43 billion--this year. The Centers for Medicare and Medicaid Services (CMS), attribute competition as one of the key factors that resulting in the savings. Other factors include lower-than-expected enrollment and drug prices that went up less than expected in the two years before the benefit kicked in.

http://news.yahoo.com/s/ap/20061129/ap_on_he_me/medicare_drug_costs&printer=1

- Medicare beneficiaries enrolled in private, managed care plans cost the government 12.4 percent more than those in the traditional program last year, for a total cost of more than \$5.2 billion, according to a study released by the Commonwealth Fund. The Fund is a private foundation supporting independent research on health and social issues. The study “The Cost of Privatization: Extra Payments to Medicare Advantage Plans—Updated and Revised,” found that payments to Medicare Advantage plans amounted to \$922 per beneficiary over what a comparable enrollee would have spent in the traditional fee-for-service program. There are 5.6 million Medicare beneficiaries enrolled in the Advantage plans. The report concluded that the policies which create the extra payments should be re-examined because the money might be better used for other purposes. The Fund conducted its analysis using data from the Medicare Payment Advisory Commission, an independent federal body.

http://www.cmwf.org/publications/publications_show.htm?doc_id=428546

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Reserve/Guard

- The total number of Guard and Reserve currently on active duty has **decreased** by 513 from the last report to 96,464. The totals for each service are Army National Guard and Army Reserve, 78,379; Navy Reserve, 4,991; Air National Guard and Air Force Reserve, 5,725; Marine Corps Reserve, 7,006; and the Coast Guard Reserve, 363.

www.defenselink.mil

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Contracts/Procurements

- The Department of Defense, TRICARE Management Activity (TMA) issued a [Request For Proposal \(RFP\) for the TRICARE Dual Eligible Fiscal Intermediary Contract \(TDEFIC\)](#) on Nov. 27, 2006. The contract will fulfill a requirement for claims processing and related customer support services for claims submitted by and on behalf of Military Health System (MHS) beneficiaries who are eligible for both Medicare and TRICARE benefits, for services received in the United States, Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa and the North Mariana Islands. The contractor shall provide the expertise of medical and mental health care claims processing and applicable support services by incorporating and operating the best practices of the private sector in support of TRICARE.

All questions from offerors in response to the RFP may be submitted until Jan. 8, 2007. Proposals are due by Feb. 13, 2007. The period of performance includes a 10-month transition basic period, and six one-year options. All interested sources capable of performing this requirement will be considered. [Central Contractor Registration \(CCR\)](#) is required. In addition, Certifications and Representations must be available online at <http://orca.bpn.gov> prior to submitting a proposal.

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Reports/Policies

- The GAO published “*Medicare: Payment for Ambulatory Surgical Centers Should Be Based on the Hospital Outpatient Payment System*,” (GAO-07-86) on Nov. 30, 2006. In the report, the GAO to compare the relative costs of procedures furnished in Ambulatory Surgical Centers (ASCs) to the relative costs of those procedures furnished in hospital outpatient departments, in particular, how accurately the payment groups used in the hospital outpatient prospective payment system (OPPS) reflect the relative costs of procedures performed in ASCs.

<http://www.gao.gov/new.items/d0786.pdf>

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Legislation

- There was no legislation proposed this week.

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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 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.