

# 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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***Federal Health Update will not be published on Dec. 15 and 29, 2006.***

## Congressional Schedule

- The Senate approved the nomination of Robert M. Gates to be the next Secretary of Defense on Dec. 6, 2006.
- The Senate confirmed Dr. Andrew von Eschenbach to head the Food and Drug Administration (FDA) on Dec. 7, 2006. Von Eschenbach, a former head of the National Cancer Institute, has been acting commissioner of the FDA for more than year.
- On Dec. 5, 2006, the Senate passed S. 3678, the Pandemic and All-Hazards Preparedness Act. This legislation will reauthorize the law designed to bolster vaccine production and prepare for other biological threats.
- The House Veterans Affairs Subcommittee on Economic Opportunity held a hearing on Dec. 7, 2006, to review Department's actions regarding the recommendations of the 1999 Transition Commission Report. Honorable Anthony J. Principi, chairman of the Congressional Commission on Servicemembers and Veterans Transition Assistance and Deputy Secretary for Veterans Affairs Gordon Mansfield were among those who testified.
- On Dec. 7, 2006, House and Senate negotiators reached a compromise bill, which includes tax breaks, a myriad trade measures including the Vietnam bill, and various health measures. Among the health provisions included in the bill is the elimination of a scheduled five percent Medicare rate cut for physicians in 2007 and establishes a 1.5 percent incentive increase for doctors who report on quality measures. The House and Senate are expected to vote on the bill before the end of the week.

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## Military Health Care News

- The Assistant Secretary of Defense for Health Affairs (ASD (HA)) sent a memo to the Service Surgeons General and the Joint Staff

on Nov. 30, outlining a conceptual proposal to create a Joint/Unified structure to improve the management performance and efficiency of the Military Health System (MHS). The goals of the new governance are to improve management, system performance and afford greater efficiency of operations of the MHS. The memo, approved by Deputy Secretary of Defense Gordon England, is the first step towards attaining the Joint/Unified Medical Command. Over the next two years, the ASD(HA), Service Surgeons General and Joint Staff will establish the framework for the new governance concept and commission a transition team to examine and determine the specific details of the reorganization.

Key aspects of the plan include reorganizing and consolidating common support activities within the MHS, as well as developing joint command structures in major multi-service markets. The memo lists several measures, such as accelerating the physical and operational co-location of the Medical Headquarters as required by BRAC law, and merging of appropriate HQ staffs and functions. The concept establishes command responsibility in the National Capital Area (NCA) and in San Antonio as a Joint Medical Market with individual medical treatment facility Commanders reporting to a Joint Senior Flag Officer. Similar multi-service markets are planned throughout the country. In addition, a joint education and training center (in San Antonio) and combined medical research and development program (headed by the Army) will be established.

The proposed new governance will create a Joint Military Health Services Directorate under a Joint Senior Flag Officer reporting to ASD(HA) to consolidate key shared services and functions at the MHS corporate level. TRICARE Management Activity (TMA) will be re-chartered as "TRICARE Health Plan Agency" and fall under the authority of this new Directorate. It will focus on insurance, network, benefit and beneficiary issues. Health Affairs will retain MHS oversight and continue to manage the Defense Health Plan budget and programs; health policy, legislative, communications and business strategy; and the operations of the Uniformed Services University of the Health Sciences.

The initial timetable established has the completion of this reorganization by 2009.

- TRICARE Management Activity (TMA) announced a change to the TRICARE dental benefit on Dec. 1, 2006. The National Defense Authorization Act of 2007 legislated a change to the TRICARE dental benefit to cover anesthesia services and institutional costs for dental treatment for beneficiaries with developmental, mental or physical disabilities, and children age 5 or under. For TRICARE to reimburse claims, beneficiaries must save their bills for medical care occurring after Oct. 17, 2006. The change in statute does not include the actual dental care services coverage through the TRICARE Dental Program and the TRICARE Retiree Dental Program. Once program officers finalize implementation requirements, TRICARE will announce when beneficiaries may submit their bills for reimbursement. Implementation requires changes to TRICARE Manuals and dental care services

contracts. <http://www.tricare.mil/pressroom/news.aspx?fid=247>

- To comply with the 2007 National Defense Authorization Act, TRICARE Management Activity (TMA) must create a plan under the Extended Care Health Option (ECHO) to provide services for military dependent children with autism, which includes education, training and supervision requirements for individuals providing services to military dependent children with autism; standards to identify and measure the availability, distribution and training of individuals (with various levels of expertise) to provide such services; and procedures to make sure such children receive these services in addition to other publicly-provided services. TMA has requested affected military families to participate in the plan's development by e-mailing their comments to [ChildrenWithAutism@tma.osd.mil](mailto:ChildrenWithAutism@tma.osd.mil) before Jan. 31, 2007. <http://www.tricare.mil/pressroom/news.aspx?fid=246>
- With many insurance plans, including the FEHBP, entering their open season, TRICARE Management Activity published a news release "*Open Season for Long-Term Care Insurance,*" on Dec. 4, 2006. In the release, TMA reviewed its coverage policy for medically-necessary skilled nursing facility care and encouraged its beneficiaries to consider options for long-term care coverage, which is not a TRICARE-covered benefit. <http://www.tricare.mil/pressroom/news.aspx?fid=248>
- The Department of Defense (DoD) will hold meetings for DoD Task Force on Mental Health, a Subcommittee of the Defense Health Board on Dec. 18 -20, 2006 in Arlington Va. The Task Force members will receive briefings on topics related to mental health concerns among military service members and mental health care delivery. The Task Force will hold a "Town Hall Meeting" session to hear concerns from the Washington, DC metro area active duty, National Guard and Reserve and veterans' communities and conduct executive working sessions. For more information, <http://www.ha.osd.mil/DHB/mhtf/meeting/2006-12.cfm>
- Unisys Corporation announced that the Resources Information Technology Program Office (RITPO) of Department of Defense's TRICARE Management Activity awarded the company a 42 million contract to configure commercial-off-the-shelf software for the Military Health System's enterprise-wide Medical Treatment Facility billing and accounts receivable operations. The project is known as the Patient Accounting System Charge Master-Based Billing program. The contract is a time-and-materials contract with a one-year base period and four, one-year option periods, exercisable at the government's discretion. [http://www.streetinsider.com/Corporate+News/Unisys+\(UIS\)+Awarded+Contract+Valued+Up+to+\\$42+Million+for+DoD/1406302.h](http://www.streetinsider.com/Corporate+News/Unisys+(UIS)+Awarded+Contract+Valued+Up+to+$42+Million+for+DoD/1406302.h)

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- DefenseWeb, a developer of customized enterprise software for Department of Defense health care and quality of life organizations, has hired Henry Herz, Scott Kutos and Cheryl Wilner to provide added value and service to its expanding client list. The three experienced professionals will join the company's San Diego and Washington, D.C. offices to work on the Army, Navy and Marine Corps contracts. As program manager for the company's Navy and Marine Corps Department, Herz will be responsible for supervising sales managers, project managers and developers. Kutos joins the Washington, DC office as sales manager for the company's Army Department, where he will be responsible for managing many of the Army accounts. Wilner also joins the company as a sales manager for the Army Department, where she will be responsible for managing Army accounts.

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## **Veterans Health Care News**

- On Dec. 1, 2006, the Department of Veterans Affairs announced its decision to keep the Waco Veterans Affairs (VA) Medical Center open, after a comprehensive review of its mission and veterans' needs. Among the reasons stated for keeping the Waco facility open was its recent designation as a Center for Excellence in outpatient post-traumatic stress disorder services and the facility's inpatient and outpatient services—essential to residential care homes in the Waco area that care for veterans who do not need to be in an institution, but require outpatient services and periodically inpatient care. The study has been part of VA's Capital Asset Realignment for Enhanced Services (CARES) program, a VA initiative to modernize facilities by matching projected demand for health services with programs and facilities through a comprehensive review of veterans' health care needs. <http://www1.va.gov/opa/pressrel/pressrelease.cfm?id=1257>

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## **Health Care News**

- On Dec. 1, 2006, the Centers for Medicare and Medicaid Services (CMS) published the final rule for the Physician Fee Schedule for

2007 in the [Federal Register](#). This final rule with comment period addresses certain provisions of the Deficit Reduction Act of 2005, which includes a .5 percent decrease to the payment rates for physicians. The rule also addresses other changes to Medicare Part B payment policy that are intended to ensure that our payment systems are updated to reflect changes in medical practice and the relative value of services. Comments will be considered if received no later than 5 p.m. on Jan. 2, 2007. These regulations are effective on Jan. 1, 2007.

- The New Hampshire Department of Health and Human Services (DHHS) announced that its Vaccine For Children program will now offer the Gardasil vaccine for human papillomavirus (HPV) free of charge to New Hampshire girls aged 11-18. According to the Centers for Disease Control and Prevention (CDC), 6.2 million Americans acquire HPV each year, which, in some women, can lead to cervical cancer. Based on CDC figures, in 2002 more than 12,000 women were diagnosed with cervical cancer and nearly 4,000 died nationally. The administration of this vaccine was recommended by the CDC Advisory Committee on Immunization Practices (ACIP). For more information, visit [www.cdc.gov/nip](http://www.cdc.gov/nip).  
[http://www.kaisernetwork.org/daily\\_reports/rep\\_index.cfm?DR\\_ID=41366](http://www.kaisernetwork.org/daily_reports/rep_index.cfm?DR_ID=41366)
- The National Institutes of Health (NIH) have established a new policy to recognize multiple principal investigators (multi-PIs) when appropriate in research project grants and selected other mechanisms. The new policy is intended to encourage formation of multidisciplinary research teams. Earlier this year, the NIH began a pilot program to recognize multi-PIs in certain research areas; the new policy extends this option broadly to new research grant applications with receipt dates beginning February 2007, provided that applications are submitted electronically and meet other specifications. <http://grants.nih.gov/grants/guide/notice-files/NOT-OD-07-017.html>
- On December 2, 2006, the U.S. Food and Drug Administration (FDA) was notified that Pfizer will suspend a large, Phase-3 trial evaluating the investigational cardiovascular therapy torceptrapib/atorvastatin (T/A) due to an increased rate of mortality (death) in patients receiving the combination compared to those receiving atorvastatin alone. With the T/A development program, as it does with all such development programs, FDA ensured that Pfizer had the appropriate protections in place for patients participating in the drug's development, including informed consent, a Data Safety Monitoring Board (DSMB) for its outcome study, and that the development program was done in a careful, stepwise manner. The system of biomedical research monitoring was effective in this case, ensuring that once a certain signal was seen, the trial was halted. <http://www.fda.gov/bbs/topics/NEWS/2006/NEW01514.html>

- A study AHRQ's DEcIDE Research Center at Duke University found that taking an anti-platelet medication for longer than the recommended three to six months after receiving drug-coated stents to open heart arteries may lower a patient's risks of heart attack or death by taking an anti-platelet medication longer than current recommendations. The drug, clopidogrel, is an anti-clotting medication currently recommended for 3 to 6 months after placement of "drug-eluting" stents. The study found that the drug reduces risks of heart attack or death for at least 2 years in some patients. <http://www.ahrq.gov/news/press/pr2006/stentspr.htm>
- New York City has become the first city in the country to ban all restaurants from using artificial trans fats, while requiring hundreds of eateries to post food calorie counts right on their menus. On Dec. 5, 2006, city health officials created the unprecedented new requirements. By July 1, 2007, all restaurants will have to comply with the trans-fat ban and those serving standardized portion sizes must disclose the calorie content of their products by mid-2008. The ban won't apply to grocery stores or restaurants that serve prepared foods in the manufacturer's original packaging. [http://news.yahoo.com/s/ap/20061206/ap\\_on\\_he\\_me/diet\\_trans\\_fat\\_ban](http://news.yahoo.com/s/ap/20061206/ap_on_he_me/diet_trans_fat_ban)

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## Reserve/Guard

- The total number of Guard and Reserve currently on active duty has **decreased** by 633 from the last report to 95,831. The totals for each service are Army National Guard and Army Reserve, 77,234; Navy Reserve, 5,025; Air National Guard and Air Force Reserve, 5,825; Marine Corps Reserve, 7,384; and the Coast Guard Reserve, 363. [www.defenselink.mil](http://www.defenselink.mil)

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## Contracts/Procurements

- The Department of Defense (DoD) will sponsor an Industry Day on Jan. 18, 2007, to solicit information from industry on the structure of a pilot program to provide stand-alone contracted health care services on military installations. This announcement is not a formal solicitation or a request for proposals. The government will use information gained during the Industry Day to assess the

feasibility of undertaking a small number of pilot operations in which the DoD contracts for health care and health care management services on military installations. This initiative has two phases: a study and the implementation phase. The feasibility study will continue from now until Sept. 30, 2007. It may, depending upon the study's findings, be followed by contract solicitations at pilot sites.

The government does not anticipate awarding contracts to work on the feasibility study phase of the initiative. Questions may be submitted prior to the Jan. 18 on the [Industry Day Web site](#) and input will be accepted from Jan. 18 until Feb. 17, 2007. Attendance is limited to prime vendors with no more than two representatives from each vendor. Only those who register before the Industry Day will be allowed access. <http://www.fbo.gov/spg/USA/USAMRAA/DAMD17/USA%2DSNOTE%2D061205%2D008/Synopsis.html>

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## Reports/Policies

- The GAO issued “*VA Health Care: Spending for Mental Health Strategic Plan Initiatives Was Substantially Less Than Planned*,” (GAO-07-66) on Nov. 21, 2006, and released it on Dec. 4, 2006. In the report, the GAO provided information on VA's allocation and use of funding for mental health strategic plan initiatives in fiscal years 2005 and 2006; and examined the adequacy of how VA tracked spending and the extent of spending for plan initiatives. <http://www.gao.gov/new.items/d0766.pdf>
- The GAO issued “*End-Stage Renal Disease: Bundling Medicare's Payment for Drugs with Payment for All ESRD Services Would Promote Efficiency and Clinical Flexibility*,” (GAO-07-77) on Nov. 13, 2006, and published it Dec. 6, 2006. The report examines recent changes in payments for ESRD services; the ASP payment method of setting rates for separately billable ESRD drugs; and CMS efforts to develop a bundled payment method that includes all ESRD drugs. <http://www.gao.gov/new.items/d0777.pdf>
- The GAO published “*End-Stage Renal Disease: Medicare Payments for All ESRD Services, Including Injectable Drugs, Should Be Bundled*,” (GAO-07-266T) on Dec. 6, 2006. <http://www.gao.gov/new.items/d07266t.pdf>



## Legislation

- **H.R.6342** (introduced Dec. 5, 2006): To amend title 38, United States Code, to extend certain expiring provisions of law administered by the Secretary of Veterans Affairs, to expand eligibility for the Survivors' and Dependents' Educational Assistance program, and for other purposes was referred to the House Committee on Veterans' Affairs.  
Sponsor: Representative Steve Buyer [IN-4]
- **H.R.6359** (introduced Dec. 5, 2006): To require the establishment of a Department of Veterans Affairs outpatient clinic at the Olympic Medical Center, Port Angeles, Washington was referred to the House Committee on Veterans' Affairs.  
Sponsor: Representative Norman D. Dicks [WA-6]
- **H.R.6360** (introduced Dec. 5, 2006): To provide for the establishment of a Department of Veterans Affairs community-based outpatient clinic in Clallam County, Washington was referred to the House Committee on Veterans' Affairs.  
Sponsor: Representative Norman D. Dicks [WA-6]
- **H.R.6357** (introduced Dec. 5, 2006): To amend part D of title XVIII of the Social Security Act to limit the monthly amount of prescription drug cost-sharing for full-benefit dual eligible individuals and other lowest-income individuals under the Medicare Prescription Drug Program 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 Joseph Crowley [NY-7]
- **H.R.6379** (introduced Dec. 6, 2006): To provide additional funds for food safety research related to perishable agricultural commodities, to provide emergency financial assistance to producers and first handlers of fresh spinach for losses incurred as a result of the removal of fresh spinach and products containing fresh spinach from the market and other actions undertaken in response to a public health advisory regarding spinach issued by the Food and Drug Administration in September 2006, and for other purposes was

referred to the House Committee on Agriculture.

Sponsor: Representative Sam Farr [CA-17]

- **H.R.6388** (introduced Dec. 6, 2006): To direct the Secretary of Defense to conduct a study on the feasibility of using military identification numbers instead of social security numbers to identify members of the Armed Forces was referred to the House Committee on Armed Services.

Sponsor: Representative Louie Gohmert [TX-1]

- **H.R.6398** (introduced Dec. 6, 2006): To amend title 5, United States Code, to establish a national health program administered by the Office of Personnel Management to offer Federal employee health benefits plans to certain individuals affected by an incident of national significance, and for other purposes was referred to the Committee on Government Reform, 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 William J. Jefferson [LA-2]

- **H.R.6400** (introduced Dec. 6, 2006): To amend title XVIII of the Social Security Act to provide for access to health benefits under the Medicare Program for certain individuals 21 to 65 years of age, and for other purposes was referred to the Committee on Ways and Means, and in addition to the Committees on Energy and Commerce, and Education and the Workforce, 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 William J. Jefferson [LA-2]

- **S.4098** (introduced Dec. 6, 2006): A bill to improve the process for the development of needed pediatric medical devices was referred to the Committee on Health, Education, Labor, and Pensions.

Sponsor: Senator Christopher J. Dodd [CT]

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## Hill Hearings

- There are no hearings scheduled this week.

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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](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](http://www.isaar.org/sub01_invitation.asp)
- The American Telemedicine Association will hold its Twelfth Annual Meeting & Exposition on May 13-15, 2007, in Nashville Tenn. <http://www.americantelemed.org/conf/annualmeetH.htm>

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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](mailto:kate@usminstitute.org). To subscribe, please visit <http://usminstitute.org/subscriber.cfm>. To unsubscribe, please send an email to [update@usminstitute.org](mailto:update@usminstitute.org) with UNSUBSCRIBE as the subject.*