

FEDERAL HEALTH UPDATE

February 9, 2007

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

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"Military medicine has a proud history of advancing battlefield medicine and this award proves that we also excel in taking care of our military family at home. Our goal is to provide world-class, on-target medical care and to exceed out patients' expectations for caring and compassionate medical treatments." –Air Force Col. Alan Berg, commander of the 10th Medical Group, accepting the Military Treatment Facility Patient Satisfaction Award for Oct. 1, 2005, to Sept. 30, 2006.

Congressional Schedule

- The Senate Armed Services Committee (SASC) held a hearing on Feb. 6, 2007, to receive testimony on the fiscal year 2008 budget request and the fiscal years 2007 and 2008 war supplemental requests in review of the Defense Authorization Request for Fiscal Year 2008 and the Future Years Defense Program.
- The House Veterans Affairs Committee held a hearing on Feb. 8, 2008, to examine the VA's budget request for Fiscal Year 2008.
- The Senate confirmed the nomination of nomination of Gen. George Casey to become the 37th Army chief of

staff on Feb. 8, 2007.

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Military Health Care News

- The Department of Defense (DoD) released details of the President's FY 2008 budget request to Congress for DoD. The budget requests \$481.4 billion in discretionary authority for the Department of Defense base budget, an 11.3 percent increase over the projected enacted level for fiscal 2007, for real growth of 8.6 percent; and \$141.7 billion to continue the fight in the "Global War on Terror" (GWOT) in fiscal 2008.

The Defense Base Budget provides \$38.7 billion in FY 2008 for health care for military personnel and their families, as well as proposals to seek legislation to maintain benefits for those who serve by placing the program on a "fiscally sound" foundation for the long-term.

Accompanying the fiscal 2008 Defense base budget and the President's GWOT request is a request for \$93.4 billion in emergency supplemental funding to cover equipment reconstitution and the cost of operations in the "Global War on Terror" for the remainder of fiscal 2007. <http://www.defenselink.mil/Releases/Release.aspx?ReleaseID=10476>

- On Feb. 1, 2007, the Office of Management and Budget named Undersecretary of Defense for Personnel and Readiness David S.C. Chu, to be the next chairman of the President's Management Council e-government subcommittee. <http://www.fcw.com/article97537-02-01-07-Web>
- On Feb. 7, 2007, TRICARE Management Activity (TMA) published a news release outlining one of its efforts to control pharmaceutical costs and determine a benchmark for both government and private industry health care systems' costs. TMA recently met one-on-one with pharmaceutical and health benefit providers to obtain feedback on possible alternatives to average wholesale price (AWP). AWP is an industry standard used by TRICARE and many state, federal, and private health benefit providers to determine prescription drug reimbursement rates to retail pharmacies. The news release, [*"TRICARE Explores New Benchmark for Prescription Drug Reimbursement."*](#) announced that since the AWP's accuracy was questioned by the health care industry, TMA would investigate how to better benchmark drug costs using the information gathered during the one-on-one meetings held in January.

The cost of prescription drugs is one of the fastest growing segments of health care expenditures for all health benefit carriers and TRICARE is no exception, spending nearly \$4 billion on reimbursements to retail prescription drug providers in Fiscal Year 2006.

- The DoD Task Force on the Future of Military Health Care met on Feb. 6, 2007, to examine the Military Health System's managed care contracts and the DoD pharmacy program. Prior to this meeting, 13 beneficiary organizations met with Army Maj. Gen. (ret.) Robert W. Smith, III to review the mission of the task force and provide feedback. The associations have asked to address the entire task force at the next meeting on March 7. Ms. Jean Storck, chief of Health Plan Operations, Rear Adm. Thomas McGinnis, USPHS, chief of the TMA Pharmaceutical Operations Directorate, and Navy Capt. Patricia Buss, MC, chair, DoD Pharmacy and

Therapeutics Committee for TRICARE Management Activity (TMA) answered questions from the task force on the next generation of contracts, as well as efforts made to curtail rising pharmaceutical costs.

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Veterans Health Care News

- The Department of Veterans Affairs' (VA) vet center program, which provides readjustment counseling and outreach services to combat veterans, is expanding into 23 new communities across the nation in the next two years. These facilities are an important resource for veterans returning from the Global War on Terror and their families. New vet centers will be located in Montgomery, Ala.; Fayetteville, Ark.; Modesto, Calif.; Grand Junction, Colo.; Orlando, Fort Myers, and Gainesville, Fla.; Macon, Ga.; Manhattan, Kan.; Baton Rouge, La.; Cape Cod, Mass.; Saginaw and Iron Mountain, Mich.; Berlin, N.H.; Las Cruces, N.M.; Binghamton, Middletown, Nassau County and Watertown, N.Y.; Toledo, Ohio; Du Bois, Penn.; Killeen, Texas; and Everett, Wash.
- During 2007, VA plans to open new facilities in Grand Junction, Orlando, Cape Cod, Iron Mountain, Berlin and Watertown. The other new vet centers are scheduled to open in 2008. All vet centers are community-based. They provide counseling on mental health and employment, plus services on family issues, education, bereavement and outreach, to combat veterans and their families. They are staffed by small teams of counselors, outreach specialists and other specialists, many of whom are combat veterans themselves.

Currently, VA maintains 209 vet centers in all 50 states, the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands.

- On Feb. 2, 2007, the Department of Veterans Affairs (VA) reported another possible computer theft at a VA facility in Birmingham, Ala., that may contain personal information about some veterans – is missing and may have been stolen. A VA employee reported missing a hard drive used to back up information contained on the employee's office computer on Jan. 22, 2007. The employee also indicated the hard drive may have contained personal identifying information on some veterans, but asserts that portions of the data were protected. Investigators are still working to determine the scope of the information potentially involved.

On Jan. 23, VA's IG was notified the external hard drive was missing. The OIG opened a criminal investigation, sent special agents to the medical center, and notified the FBI. VA's Office of Information & Technology in Washington also dispatched an incident response team to investigate. Pending results of the investigation, VA is prepared to send individual notifications and provide one year of free credit monitoring to those whose information proves compromised.

In addition to the ongoing criminal investigation, the OIG has initiated an administrative investigation to determine how such an incident could occur. VA will provide further updates as the investigation produces additional information. <http://www1.va.gov/opa/pressrel/pressrelease.cfm?id=1287>

- The Department of Veterans Affairs (VA) announced that it will increase its support for medical education in the

2007-2008 academic year, adding 2,000 positions for advanced residency training over the next five years. More than 31,000 medical residents and 16,000 medical students receive some of their training in VA each year. The expansion in medical education begins in July 2007, when VA adds 341 new positions.

Through its affiliations with medical schools and universities, VA is the largest provider of health care training in the United States. Currently, 130 VA medical facilities are affiliated with 107 of the nation's 126 medical schools. These training positions will address VA's critical needs and provide skilled health care professionals for the entire nation. The additional resident positions will also encourage innovation in education designed to improve patient care, enable physicians in different disciplines to work together and will incorporate state-of-the-art models of clinical care, including VA's renowned quality and patient safety programs and electronic medical record system. <http://www1.va.gov/opa/pressrel/pressrelease.cfm?id=1286>

- The Department of Veterans Affairs (VA) released details on the President's landmark FY '08 budget request for \$86.75 billion for the VA. Most of the budget is targeted for the Department's health care system and disability compensation programs. It represents a 77 percent increase from the overall budget in effect when the President took office in FY '01 and more than an 83 percent increase in health care spending. The FY '08 budget proposal includes \$750 million for capital improvements to VA health care facilities, bringing the total to \$3.7 billion during the last five years. The FY '08 proposal includes funding for major construction projects in Denver; Las Vegas; Lee County, Fla.; Orlando, Fla.; Pittsburgh; and Syracuse, N.Y.

The FY '08 budget request calls for nearly \$3 billion in mental health services to continue improvements in access to a full continuum of care for veterans with mental health problems, including comprehensive treatment for post-traumatic stress disorder (PTSD), and continues the President's commitment for VA to work closely with the Department of Defense to ensure that service members returning from Iraq and Afghanistan and their families receive timely, high-quality services and benefits.

Funding for extended care services will reach \$4.6 billion in FY '08, of which 90 percent will be for institutional long-term care and 10 percent for non-institutional care.

<http://www1.va.gov/opa/pressrel/pressrelease.cfm?id=1289>

- The Department of Veterans Affairs (VA) announced that the Prescott National Cemetery reopened with a new columbarium for cremation interments. The new, expanded facility for cremated remains officially opened Feb. 5. The cemetery closed in 1974 when the facility ran out of space for casket burials, although eligible family members of veterans already buried there could be interred. The \$2.4 million columbarium provides a burial option to nearly 27,000 veterans and their dependents who were not served by an open VA national or state veterans cemetery. Prescott National Cemetery was placed on the National Register of Historic Places in 1999. <http://www1.va.gov/opa/pressrel/pressrelease.cfm?id=1290>

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Health Care News

- The Department of Health and Human Services (HHS) released details of the President's FY 2008 budget request to Congress as it pertains to HHS. The budget proposes total outlays of nearly \$700 billion for Health and

Human Services, an increase of more than \$28 billion from 2007. This figure includes \$67.6 billion in discretionary program spending, which is an increase of \$95 million over the FY 2007 full year continuing resolution.

The HHS budget proposal provides \$454 billion for Medicare benefits in FY 2008, an increase of \$28 billion over the previous year. It includes a comprehensive package of Medicare legislative and administrative proposals that will help strengthen the program's long-term viability. These proposals will encourage efficient payment for services, foster competition and promote beneficiary involvement in health care decisions. The Administration hopes that implementing these changes will save \$76 billion and slow Medicare's growth rate.

The President's budget also proposes to reauthorize State Children's Health Insurance Program (SCHIP) for five more years, to increase the program's allotments by \$5 billion over that time, and to target SCHIP funds more efficiently to those most in need.

More information about the President's FY 2008 Budget Proposal for HHS is available at www.hhs.gov/budget.

- On Feb. 3, 2007, Texas Gov. Rick Perry signed an executive order mandating that all 11 or 12 year old girls (sixth grade) attending public schools in Texas receive the HPV vaccine by September 2008. Gardasil, the HPV vaccine produced by Merck, has been approved by the FDA to prevent cervical cancer in girls between the ages of 9 and 26 years of age. The Centers for Disease Control and Prevention (CDC), the Advisory Committee on Immunization Practices (ACIP), and American Academy of Pediatrics (AAP) all recommend that Gardasil be routinely given to girls when they are 11 or 12 years of age.

Officials in Washington state announced on Feb. 5, 2007 that the HPV vaccine will be offered free to girls in the state, but there are no plans to make vaccination mandatory. About 143,000 doses of Gardasil should be purchased by late spring, state Health Secretary Mary C. Selecky said.

An estimated 20 million Americans are infected with the HPV, making it the nation's most common sexually transmitted disease. Most cases of cervical cancer are linked to certain strains of the virus.

- The U.S. Food and Drug Administration (FDA) cleared for marketing a test that determines the likelihood of breast cancer returning within five to 10 years after a woman's initial cancer. It is the first cleared molecular test that profiles genetic activity. The MammaPrint test, developed by Agendia and on the market in Amsterdam since 2005, uses the latest in molecular technology to predict whether existing cancer will metastasize (spread to other parts of a patient's body). The test relies on microarray analysis, a powerful tool for simultaneously studying the patterns of behavior of large numbers of genes in biological specimens.

The recurrence of cancer is partly dependent on the activation and suppression of certain genes located in the tumor. Prognostic tests like the MammaPrint can measure the activity of these genes, and thus help physicians understand their patients' odds of the cancer spreading. The MammaPrint is the first cleared in vitro diagnostic multivariate index assay (IVDMIA) device.

- According to the American Cancer Society, an estimated 178,480 new cases of invasive breast cancer will be diagnosed among women in the United States this year and over 40,000 women are expected to die from the

disease. <http://www.fda.gov/bbs/topics/NEWS/2007/NEW01555.html>

- The Food and Drug Administration (FDA) approved orlistat capsules as an over-the-counter (OTC) weight loss aid for overweight adults on Feb. 7, 2007. Orlistat was initially approved in 1999 as a prescription drug to treat obesity, and remains a prescription drug for obesity at a higher dose than the OTC version. OTC orlistat will be manufactured by GlaxoSmithKline under the name Alli and is indicated for use in adults ages 18 years and older along with a reduced-calorie, low-fat diet, and exercise program.

OTC orlistat is not for people who have problems absorbing food or for those who are not overweight. "Overweight" is defined by the National Institutes of Health as having a body mass index (BMI) of 27 kg/m² or more. The most common side effect of the product is a change in bowel habits. Also, people who have had an organ transplant should not take OTC orlistat because of possible drug interactions. In addition, anyone taking blood thinning medicines or being treated for diabetes or thyroid disease should consult a physician before using orlistat.

FDA approved OTC orlistat based on the review of the sponsor's safety data and after submitting the product for the consideration by an FDA advisory committee in January 2006. The committee voted in favor of OTC approval. <http://www.fda.gov/bbs/topics/NEWS/2007/NEW01557.html>

- New data released from the Centers for Medicare and Medicaid Services (CMS) find that generic use is especially high among those in the new Medicare drug benefit, with generics accounting for nearly 60 percent (59.6 percent) of the drugs dispensed to people in Medicare Prescription Drug Plans (PDPs) and Medicare Advantage (MA) plans through the third quarter of 2006. Generic medications are as effective as their brand-name counterparts and offer significant savings. In addition, for enrollees in the Medicare drug benefit concerned about the coverage gap, generics can lower one's costs and thus delay reaching the gap or help avoid it altogether. According to the National Association of Chain Drug Stores (NACDS), generic dispensing has increased among private third-party payers growing by 9 percent over the past year—from 48.4 percent in 2005 to 52.6 percent in 2006.

The most recent CMS data demonstrate that generic use among those enrolled in the Medicare drug benefit is 13 percent higher than the private third-party demonstrating that the Part D program is delivering savings well above the national average to beneficiaries and the government alike. The new Medicare data mark the third consecutive quarter of growth in generic utilization among those in the Medicare prescription drug benefit, indicating that beneficiary choice and broad formularies are yielding even greater savings as the program has progressed. [CMS NR 02-08-2007](#)

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Reserve/Guard

- The total number of Guard and Reserve currently on active duty has **decreased** by 2,627 from the last report to 89,185. The totals for each service are Army National Guard and Army Reserve, 72,195; Navy Reserve, 5,550; Air National Guard and Air Force Reserve, 5,657; Marine Corps Reserve, 5,480; and the Coast Guard Reserve,

Contracts/Procurements

- The U.S. Air Force Surgeon General (AF/SG) issued a Broad Agency Announcement (BAA) to assist in its efforts to identify shortfalls within the current health delivery system and planning, programming, budgeting, and fielding the technology and services required to overcome that shortfall. solicitation notice to mission is to develop and implement medical programs and policies that provide for the health care of active duty and retired military personnel and their family members. The scope of this effort encompasses identification, exploration, demonstration, and validation of new, advanced diagnostic technologies in realistic scenarios. Research program areas focus on specialized medical materiel or procedures designed to enhance force health protection, restore health, prevent casualties, and maintain a fit and healthy force. The scope of this effort and the priorities attached to specific projects are influenced by changes in military and civilian medical science and technology, operational requirements, military threat assessments, and national defense strategies. The extramural research and development program plays a vital role in the fulfillment of the objectives established by the AFMS. Research proposals are sought from educational institutions, nonprofit organizations, private industry, and military organizations. This announcement is open from Feb. 7 through May 7, 2007. Pre-proposals may be submitted and will be evaluated during this open period, unless otherwise noted or stated in a separate announcement. For more information, contact Gretchen Clohessy, contracting officer, at (703) 681-7034, or via e-mail at Gretchen.Clohessy@Bolling.af.mil; or Mindy McDaniel, contract specialist, at (202) 404-6686, or via e-mail at Mindy.McDaniel@Bolling.af.mil.
<http://www.fbo.gov/spg/USAF/AFDW/11CONS/BAA%2D07%2D01/Combine%20Synopsis%5FSolicitation.html>

- Force 3, Incorporated*, Crofton, Md., is being awarded a \$7,964,532 indefinite-delivery/indefinite-quantity, firm-fixed-price contract for local-area and wide-area network infrastructure material and network routers and switches to support the Local Area Network Upgrade Project in CONUS and OCONUS TRICARE Regions for the Military Health System (MHS) Military Treatment Facilities (MTFs) at Army, Navy, and Air Force sites. This contract includes options which, if exercised, would bring the cumulative value of this contract to an estimated \$15,929,064. Work will be performed in Crofton, Md. and is expected to be completed by February 2008. If all options are exercised, work could continue until February 2009. The Space and Naval Warfare Systems Center, Charleston, S.C., is the contracting activity (N65236-07-D-5100).

Reports/Policies

- The Institute of Medicine (IOM) issued “Cancer Control Opportunities in Low- and Middle-Income Countries,” on Feb. 1, 2007. <http://www.iom.edu/CMS/3783/23083/40207.aspx>
- The Institute of Medicine (IOM) published “*Medical Risks Of Oocyte Donation for Stem Cell Research,*” on

Feb 5, 2007. This is a summary from the Committee on Assessing the Medical Risks of Oocyte Donation for Stem Cell Research, who held a workshop to examine what is known about these risks, what needs to be known, and what can be done to minimize them. <http://www.iom.edu/CMS/3740/36353/40105.aspx>

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Legislation

- **H.RES.128** (introduced Feb. 2, 2007): Urging the Department of Health and Human Services to prepare a long-term, comprehensive plan to medically monitor all individuals who were exposed to the toxins of Ground Zero following the terrorist attacks of 9/11 and to treat all those sick or injured was referred to the House Committee on Energy and Commerce.
Sponsor: Representative Carolyn B. Maloney [NY-14]
- **H.R.797** (introduced Feb. 5, 2007): To amend title 38, United States Code, to improve compensation benefits for veterans in certain cases of impairment of vision involving both eyes, and for other purposes was referred to the House Committee on Veterans' Affairs.
Sponsor: Representative Tammy Baldwin [WI-2]
- **H.R.819** (introduced Feb. 5, 2007): To expand access to preventive health care services that help reduce unintended pregnancy, reduce abortions, and improve access to women's health care was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means, and Education and Labor, 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 Louise McIntosh Slaughter [NY-28]
- **H.R.822** (introduced Feb. 5, 2007): To amend the Public Health Service Act, the Employee Retirement Income Security Act of 1974, the Internal Revenue Code of 1986, and title 5, United States Code, to require individual and group health insurance coverage and group health plans and Federal employees health benefit plans to provide coverage for routine HIV/AIDS screening was referred to the Committee on Energy and Commerce, and in addition to the Committees on Education and Labor, Ways and Means, and Oversight and Government Reform, 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 Maxine Waters [CA-35]
- **H.R.847** (introduced Feb. 6, 2007): To amend the Internal Revenue Code of 1986 to require that amounts paid for employer-provided coverage under accident or health plans be included on W-2 Forms was referred to the House Committee on Ways and Means.
Sponsor: Representative Jim Cooper [TN-5]
- **H.R.853** (introduced Feb. 6, 2007): To promote preventive health care for Americans was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, 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 Joe Knollenberg [MI-9]

- **H.R.854** (introduced Feb. 6, 2007): To authorize the Secretary of Health and Human Services to award grants to eligible entities to prevent or alleviate the effects of youth violence in eligible urban communities by providing violence-prevention education, mentoring, counseling, and mental health services to children and adolescents in such communities was referred to the Committee on Energy and Commerce, and in addition to the Committee on Education and Labor, 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 John B. Larson [CT-1]

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Hill Hearings

- The House Ways and Means Subcommittee on Health will hold a hearing on **Feb. 13, 2007**, on the President's Fiscal Year 2008 Budget with acting CMS Administrator Leslie V. Norwalk.
- The Senate Budget Committee will hold a hearing on Feb. 13, 2007, to examine the President's Fiscal Year 2008 budgetary proposals for the Department of Health and Human Services.
- The House Armed Services Subcommittee on Military Personnel will hold a hearing on **Feb. 13, 2007**, to receive testimony on a review of the fiscal year 2008 military health care budget and the challenges facing the military health care system.
- The Senate Health, Education, Labor, and Pensions Committee will hold a hearing on **Feb. 13, 2007**, to examine the Healthy Families Act, focusing on safeguarding Americans' livelihood, families and health with paid sick days.
- The House Veterans Affairs Subcommittee on Health will hold a hearing on **Feb. 14, 2007**, to examine the VA's Fiscal Year 2008 health budget.
- The House Veterans Affairs Subcommittee for Oversight and Investigation will hold a hearing on **Feb. 15, 2007**, to receive testimony from the VA Inspector General regarding the Budget and Best Practices.
- The House Veterans Affairs Committee will hold a hearing on **Feb. 27, 2007**, to examine the VA's Fiscal Year budget.
- The Senate and House Veterans Affairs committees will hold joint hearings on **Feb. 27, 2007**, to hear the DAV legislative presentation.
- The Senate and House Veterans Affairs committees will hold joint hearings on **March 6, 2007**, to hear the VFW

legislative presentation.

- The Senate and House Veterans Affairs committees will hold joint hearings on **March 8, 2007**, to hear legislative presentations from, PVA, JWV and BVA.
- The Senate and House Veterans Affairs committees will hold joint hearings on **March 29, 2007**, to hear legislative presentations from AMVETS, Ex-POWs, MOPH and Fleet Reserve Association.

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Meetings / Conferences

- The American College of Medical Quality's Annual Meeting: "Medical Quality 2007" will be held Feb.22-24, 2007 in Miami, Florida. www.acmq.org/natlconf/index.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
- The 2007 Advance Technology Applications for Combat Casualty Care (ATACCC) Conference will be held on Aug. 13-15, 2007 in St Petersburg Beach, Fla. <http://www.usacc.org/ATACCC/index.htm>
- 46th Annual Research in Medical Education (RIME) Conference will be held **Nov. 2-7, 2007**, in conjunction with the AAMC Annual Meeting in Washington, D.C.
- The 13th International Congress on Infectious Diseases will be held June 19-22, 2008, in Kuala Lumpur, Malaysia. http://www.isid.org/13th_icid/

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