Executive and Congressional News

- **The House and Senate will be in recess Feb. 21 – 25, 2011.**

- **On Feb. 16, 2011, President Barack Obama sent his proposed defense budget of $671 billion for fiscal 2012 to Congress.**

  The request for the Department of Defense (DoD) includes $553 billion in discretionary budget authority to fund base defense programs and $118 billion to support overseas contingency operations (OCO), primarily in Afghanistan and Iraq.

  The budget includes the following health care provisions:
  - TRICARE Prime annual enrollment fees would increase by 13 percent next year’s fees to $260 per year for an individual and $520 a year for a family.
  - In addition, starting in 2013, annual fees for retirees using TRICARE Prime coverage would increase over time at the rate of medical inflation, which typically rises more rapidly than the broader inflation rate and cost-of-living adjustments.
  - Proposed changes to TRICARE’s pharmacy program include increasing co-pay fees for retail pharmacies by $3 and eliminating co-pays for generic drugs obtained through the military’s mail-order pharmacy system, while fees for drugs purchased through neighborhood retail pharmacies will increase by up to $3.

  These changes to fees will not affect active-duty service members and their families’ out-of-pocket cost; fees and co-pays for medically retired service members or survivors of service members; and TRICARE Standard coverage fees and the catastrophic cap for all plans.

  Highlights of the proposed DoD budget are outlined in the attached summary and charts. For more information and to view the entire fiscal 2012 budget proposal, please visit [http://www.budget.mil](http://www.budget.mil).


Military Health Care News

- **TRICARE Management Activity (TMA) published a release reminding its beneficiaries of the benefits of its Pharmacy Home Delivery program.**

  TRICARE’s pharmacy home delivery is available to many categories of beneficiaries, including active duty service members deployed overseas. Prescriptions can be delivered to any U.S. postal address and overseas Army Post Offices (APO), Fleet Post Offices (FPO) and in some cases, U.S. Embassies.

  Pharmacy home delivery also features an automatic prescription refill option, which is especially useful for beneficiaries with prescriptions they need to take on a regular basis – maintenance medications. Auto-refill option ensures beneficiaries are always supplied with the medications they need and checks medical and prescription history to avoid harmful drug interactions.

  The release highlights the cost savings of using the home delivery. TRICARE retail network pharmacies fill prescriptions with a 30-day supply. Home delivery fills prescriptions for the same copayment, but for 90 days. Home delivery costs beneficiaries $3 for a 90-day supply for generic formulary medications and $9 for a 90-day supply for formulary brand-name medications.

  TRICARE beneficiaries switching to pharmacy home delivery from retail pharmacies in 2010 saved 66 percent on their copayments, up to $176 a year for a non-formulary prescription. They also saved taxpayers $30.7 million.

  To sign up for pharmacy home delivery or to learn more about the program, go to [www.tricare.mil/homedelivery](http://www.tricare.mil/homedelivery) or call the Member Choice Center toll free at 1-877-363-1303.

- **Under Secretary for Personnel and Readiness Clifford L. Stanley hosted a meeting on Feb. 16, 2011, with military beneficiary association representatives to discuss the proposed changes to health care for the military.** (See above for details of the proposed increases).

  The Reserve Officers Association (ROA) reported that the discussions revolved around finding a fair index that aligns with national health care increases. Department of Defense (DoD) officials said they were open to input from the beneficiary associations on suggesting an index, but indicated that the COLA index would be insufficient.

  According to ROA, DoD plans to have a follow-up meeting with the associations within a month.

Veterans Health Care News

- **The Department of Veterans Affairs (VA) announced the President’s proposed VA budget during the next fiscal year.**

  The 2012 budget provides $58.8 billion for operational costs at the Department of Veterans Affairs and an additional $65.5 billion for veterans’ benefits.

  **Health Care**

  The budget request seeks nearly $51 billion for medical care. It would provide care to more than 6.2 million patients, including nearly 540,000 veterans.
of military operations in Iraq and Afghanistan.

The budget request also includes almost $1 billion for a contingency fund and $1.2 billion of operational improvements to manage the appropriated funds in a fiscally responsible manner.

Major health care provisions include:

- $6.2 billion for mental health programs, including $68 million directly for suicide prevention
- $344 million to activate newly constructed medical facilities
- $208 million to implement new benefits for veterans' caregivers
- Nearly $500 million for research

The budget includes "a portfolio of initiatives" to improve the quality of VA care while making it easier for patients to access services. Primary care providers will put more emphasis upon disease prevention and healthy living. New technology – securing e-mails, social networking and telehealth – will be harnessed to meet the evolving needs of patients.

Among the department's operational improvements is a provision that calls for VA to implement Medicare's standard payment rates, a measure that will save $315 million for other health care needs.

Benefits

The proposed budget for the new fiscal year includes more than $70 billion in "mandatory" benefits programs, a category consisting mostly of VA disability compensation and pension payments.

VA's goal is to provide veterans with decisions on their claims within 125 days at a 98 percent accuracy rate by 2015.

Various initiatives support continued redesign of VA's business processes and development of a paperless claims system to improve the efficiency of VA's handling of applications for compensation and pensions. Among the major projects is one to provide veterans with streamlined forms to present to non-VA physicians who are evaluating veterans for disability benefits, while another new program allows online application for claims related to exposure to Agent Orange.

Information Technology

VA will seek nearly $3.2 billion for the new fiscal year to operate and maintain its information technology (IT).

A recent independent study found that VA invested $4 billion in medical IT from 1997 to 2007, which generated $7 billion in savings, mostly from the elimination of duplicate medical tests and the reduction of medical errors.

VA has a major role in the development of the "virtual lifetime electronic record" as part of an inter-agency federal initiative to provide complete and portable electronic health records for service members, veterans, other family members and, eventually, all Americans.

Through a disciplined approach to IT projects, VA transformed its software development processes, meeting product delivery schedules over 80 percent of the time.

VA is consolidating its IT requirements into 15 major contracts, which will lower costs and increase oversight and accountability. Seven of the 15 contracts are set-aside for veteran-owned businesses, and four of those seven are reserved for small businesses owned by service-disabled veterans.

Construction

Nearly $590 million in major construction is included within next year's budget request.

The funding proposal provides for the continuation of seven ongoing construction projects at health care facilities – New Orleans; Denver; San Juan, Puerto Rico; St. Louis; Palo Alto, Calif.; Bay Pines, Fla., and Seattle – plus new projects in Reno, Nev.; Los Angeles and San Francisco.

Also in the budget request is $550 million for minor construction for such purposes as seismic corrections, improvements for patient safety, and enhancements for access and patient privacy.

The budget request for the fiscal year that begins Oct. 1 must be approved by Congress before taking effect.

Further information about VA's budget proposal for fiscal year 2012 is available on the Internet at www.va.gov/budget/products.asp.

- The Department of Veterans Affairs (VA) announced the opening of the 2011 Industry Innovation Competition to identify, fund and evaluate promising innovative technology proposals to improve the quality of health care for veterans.

This competition is part of VA's Innovation Initiative (VAi2), a department-wide program that solicits the most promising innovations from employees, the private sector, non-profits and academia to increase veterans' access to VA services, improve the quality of services delivered, enhance the performance of VA operations, and reduce or control the cost of delivering those services. Up to $100 million in awards could be made in this innovation competition.

Public and private companies, entrepreneurs, universities and non-profits are encouraged to propose new ways to:

- Leverage telemedicine solutions to provide audiology services to veterans who live far from medical centers
- Create and implement enhancements or novel uses of VA's "Blue Button" personal health record
- Design innovative prosthetic socket designs to improve the fit and comfort of prosthetics
- Fully automate sterilization of medical equipment
- Empower veterans with Self-Management Technologies for Vocational Rehabilitation

This is the second Industry Competition launched by VAi2. Awards from the 2010 competition are being announced on a rolling basis as contracts are finalized. For more about VAi2 please visit www.va.gov/VAi2. Please go to www.FedBizOpps.gov to learn more about federal opportunities for businesses under the VAi2 program.

- The Department of Veterans Affairs (VA) will offer cognitive processing therapy and prolonged-exposure therapy to treat PTSD at its facilities, according to the Las Vegas Business Press.

The VA estimates that up to 20 percent of Operation Enduring Freedom and Operation Iraqi Freedom veterans have experienced post-traumatic stress disorder, and demand for treatment may be increasing.

Government spending to research the disorder has more than doubled in four years, a Government Accountability Office (GAO) report shows, rising to $24.5 million in 2009 from $9.9 million in 2005.

After reviewing the VA's funding of post-traumatic stress disorder research and its processes for funding research proposals related to the disorder, the GAO made recommendations for clinical services. The VA is not required to follow these recommendations.
Specifically, VA officials told the office that based on research, cognitive processing therapy and prolonged-exposure therapy were particularly effective methods for treating post-traumatic stress disorder.

Cognitive processing therapy is based on the idea that post-traumatic stress symptoms stem from a conflict between beliefs the patient held before the trauma occurred and information he acquired after the trauma. The patient addresses these conflicts by writing about the traumatic event in detail and then reading the story aloud repeatedly in and outside of session.

Prolonged-exposure therapy challenges a patient to confront fearful reminders instead of avoiding them.

- **The Department of Veterans Affairs (VA) has completed its initial evaluation of proposals for its Transformation Twenty-One Total Technology (T4) solicitation.**

  T-4's goal is to transform its information technology programs, resulting in improved quality of health care and benefits services to veterans, their families and survivors.

  The five-year program is expected to meet the full range of VA's long-term technology needs while helping VA meet veterans small business goals.

  The T4 program will consist of up to 15 prime contracts, including four reserved for service-disabled veteran owned small businesses and three reserved for veteran owned small businesses. The T4 program will serve as a single focal point for managing the multiple award contracts, giving VA access to the best of industry's capabilities without extended acquisition lead time.

  T4 contractors will provide IT solutions encompassing all services needed to integrate systems,

  networks, software and other IT products. The services and IT products may cover the entire life-cycle of a system, and include program management, strategic planning, systems and software engineering, cyber security, operation and maintenance, and IT facility support.

  The T-4 contracts will be awarded this spring.

**Health Care News**

- **The U.S. Department of Health and Human Services (HHS) launched a new web portal providing important health and health care indicator data to support innovations in information technology.**

  The Health Indicators Warehouse represents a vast collection of health and health care indicators along with new web 2.0 technologies to support automated data services through application programming interfaces (APIs).

  It collects health indicators from a wide array of HHS data sources that are maintained to support researchers, technology developers and policymakers. Health indicators are measurable characteristics that describe the health of a population (e.g., life expectancy, mortality, disease incidence or prevalence, or other health states); determinants of health (e.g., health behaviors, health-risk factors, physical environments, and socioeconomic environments); and health care access, cost, quality, and use. Depending on the measure, a health indicator may be defined for a specific population, place, political jurisdiction or geographic area. Currently, the Health Indicators Warehouse includes nearly 1200 health indicators derived from over 170 different data sources, with all being downloadable via APIs.

  The health indicator data sets and the web tools provided by the warehouse are expected to support technology development leading to a wide array of applications (apps) and data services.

  In 2010, HHS demonstrated the value of these data sets in creating a wide array of web apps as part of the Community Health Data Initiative. In the coming months, HHS anticipates additional activities and projects to promote innovative uses of data and apps development to improve health and health care performance at the community level.

  For more information about the Health Indicators Warehouse, visit [http://healthindicators.gov](http://healthindicators.gov).

- **Two contracts for advanced development of drugs to treat skin and lung injuries associated with acute radiation syndrome (ARS) were awarded this week by the Biomedical Advanced Research and Development Authority (BARDA).**

  These contracts are the first by BARDA to address the skin and lung injuries that arise from acute exposure to high levels of ionizing radiation – the type of radiation that results from a nuclear blast.

  The contracts were awarded to Aeolus Pharmaceuticals Inc., of Mission Viejo, Calif., and U.S. Biotest Inc., of San Luis Obispo, Calif., and support research studies and manufacturing efforts by each company in developing their respective drugs.

  The Aeolus contract is valued at $10.4 million for the first year and can be extended for a total of five years and up to a total of $118.4 million. Aeolus is developing a broad-spectrum antioxidant drug known as AEOL 10150. This drug was designed originally to reduce the damage caused by radiation during cancer treatments. For BARDA, the drug will be developed for use in treating lung injuries associated with acute radiation syndrome, known as pulmonary acute radiation syndrome or lung-ARS.

  The U.S. Biotest contract is valued at $4.5 million for the first 16 months and could be extended for a total of five years and up to a total of $14 million. The contract with U.S. Biotest supports advanced development of DSC127, a drug applied to the skin to help body tissue heal after being exposed to ionizing radiation.

  These contracts are part of the HHS radiological and nuclear threats preparedness strategy. In addition to these contracts, BARDA has awarded contracts to develop medical countermeasures to treat neutropenia, an abnormally low number of white blood cells, as well as contracts to develop drugs that bind radioactive materials in the body and for bio-dosimetry devices. These devices measure an individual's level of radiation exposure after a nuclear incident. Information on these contracts is available at [www.medicalcountermeasures.gov](http://www.medicalcountermeasures.gov).

- **The U.S. Department of Health and Human Services (HHS) announced the award of seven cooperative agreements to help states design and implement the information technology (IT) infrastructure needed to operate Health Insurance Exchanges.**

  The states, known as “Early Innovator” states, will use the funds to develop Exchange IT models that can be adopted and tailored by other states.

  Kansas, Maryland, New York, Oklahoma, Oregon, Wisconsin, and a consortium of New England states will receive a total of approximately $241 million.

  Starting in 2014, Exchanges will help individuals and small employers shop for, select, and enroll in high-quality, affordable private health plans that fit their individual needs at competitive prices. By providing a place for one-stop shopping, Exchanges will make purchasing health insurance easier and more understandable. Similar to any consumer-based industry such as the airline or banking industries, sophisticated, consumer-friendly IT infrastructure will be critical to the success of the Exchanges. As states prepare, they have requested early funding assistance to develop the right IT, particularly with respect to eligibility and enrollment systems.

  All Early Innovator states have committed to assuring that the technology they develop is reusable and transferable. Using the grants, they will develop the building blocks for Exchange IT systems, providing models for how Exchange IT systems can be created. This will help states to establish their Exchanges quickly and efficiently using the models and building blocks created by the Early Innovator states.

  The seven grantees offer a diversity that will be valuable to all states as they work to set up their Exchanges. The grantees represent different regions of the country, as well as different Exchange governance structures and Information Systems. This diversity will help ensure that a wide range of IT models are developed, and every state will benefit.
Americans who live in parts of Appalachia and the South are the least likely to be physically active in their leisure time, according to the Centers for Disease Control and Prevention. In many counties in those regions, more than 29 percent of adults reported getting no physical activity or exercise other than at their regular job. The 2004-2008 estimates provide county-level estimates for leisure-time physical inactivity for all U.S. counties. Areas where residents are most likely to be active in their free time are the West Coast, Colorado, Minnesota and parts of the Northeast. States where residents are the least likely to be physically active during leisure time are Alabama, Kentucky, Louisiana, Mississippi, Oklahoma and Tennessee. In those states, physical inactivity rates are 29.2 percent or greater for more than 70 percent of the counties. A 2008 CDC survey found that 25.4 percent of all U.S. adults did not spend any of their free time being physically active, including activities such as walking for exercise, gardening, golfing or running. CDC previously released maps with estimated levels of diabetes and obesity for all U.S. counties. Combining all three factors produces a map that shows the highest levels of diagnosed diabetes, leisure-time physical inactivity and obesity in the South and parts of Appalachia. The regions with the lowest levels of all three are the West and Northeast. Physical activity can help control weight, reduce the risk of type-2 diabetes, heart disease and some cancers, strengthen bones and muscles, and improve mental health. The county level leisure-time physical inactivity estimates come from CDC's Behavioral Risk Factor Surveillance System, which uses self-reported data from state-based adult telephone surveys, and 2007 census information. Those participating in the survey were asked if they participated in any physical activities or exercise outside of their regular job. To see county-level estimates of physical inactivity, obesity and diagnosed diabetes, go to www.cdc.gov/diabetes/statistics. Reserve/Guard
- As of Feb 15, 2011, the total number of Guard and Reserve currently on active duty has decreased by 772 to 89,724. The totals for each service are National Guard and Army Reserve 68,501; Navy Reserve, 5908; Air National Guard and Air Force Reserve, 9,655; Marine Corps Reserve, 4,885, and the Coast Guard Reserve, 775. www.defenselink.mil Reports/Policies
- The GAO published "Medicare Home Oxygen: Refining Payment Methodology Has Potential to Lower Program and Beneficiary Spending," (GAO-11-159) on Feb 17, 2011. In this report, GAO describes how Medicare pays for home oxygen, the effect on Medicare's payments of using other methodologies and rates, and changes in beneficiary access. http://www.gao.gov/new.items/d11159.pdf - The GAO published "Electronic Prescribing: CMS Should Address Inconsistencies in its Two Incentive Programs That Encourage the Use of Health Information Technology," (GAO-11-159) on Feb 14, 2011. In this report, GAO describes how CMS's Electronic Prescribing Program to adopt certified technology and expedite efforts to remove the overlap in reporting requirements for physicians who may be eligible for incentive payments or subject to penalties under both programs. http://www.gao.gov/new.items/d111159.pdf Legislation
- H.R.664 (Introduced Feb. 11, 2011): The Chiropractic Membership in the Public Health Service Commissioned Corps Act of 2011 was referred to the House Committee on Energy and Commerce - Sponsor: Representative Gene Green (TX-29)
- H.R.671 (Introduced Feb. 11, 2011): The Ensuring Continuous Coverage under SCHIP Act of 2011 was referred to the House Committee on Energy and Commerce - Sponsor: Representative Wally Herger (CA-2)
- H.R.675 (Introduced Feb. 11, 2011): The Strengthening Medicare Anti-Fraud Measures Act of 2011 was referred to the House Committee on Energy and Commerce, and in addition to the Committees on Ways and Means. - Sponsor: Representative Wally Herger (CA-2)
- H.R.676 (Introduced Feb. 11, 2011): The Expanded & Improved Medicare For All Act was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means. - Sponsor: Representative John Conyers, Jr. (MI-14)
- H.R.698 (Introduced Feb. 14, 2011): To de-authorize and rescind funding for the Patient Protection and Affordable Care Act and health-care-related provisions of the Health Care and Education Reconciliation Act of 2010 was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means. - Sponsor: Representative Tim Scott [SC-1]
- H.R.733 (Introduced Feb. 16, 2011): To amend the Public Health Service Act to provide for a Pancreatic Cancer Initiative and for other purposes was referred to the House Committee on Energy and Commerce. - Sponsor: Representative Anna G. Eshoo [CA-14]
- S.344 (Introduced Feb. 14, 2011): A bill to amend title 10, United States Code, to permit certain retired members of the uniformed services who have a service-connected disability to receive both disability compensation from the Department of Veterans Affairs for their disability and either retired pay by reason of their years of military service or Combat-Related Special Compensation, and for other purposes was referred to the Committee on Armed Services. - Sponsor: Senator Harry Reid [NV]
- S.362 (Introduced Feb. 16, 2011): A bill to amend the Public Health Service Act to provide for a Pancreatic Cancer Initiative and for other purposes was referred to the Committee on Health, Education, Labor, and Pensions. - Sponsor: Senator Sheldon Whitehouse [RI]
- S.373 (Introduced Feb. 16, 2011): A bill to amend the Federal Food, Drug, and Cosmetic Act to prohibit the marketing of authorized generic drugs was referred to the Committee on Health, Education, Labor, and Pensions. - Sponsor: Senator John D. Rockefeller, IV [WV]
Hill Hearings
- The House and Senate Veterans Affairs Committees will hold a joint hearing on March 1, 2011, to hear the legislative presentation from the Disabled American Veterans. - The Senate Veterans Affairs Committee will hold a hearing on March 2, 2011, to examine the President's proposed budget request for fiscal year 2012. - The Senate Armed Services Committee will hold a hearing on March 3, 2011, to examine the Department of the Army in review of the Defense Authorization request for fiscal year 2012. - The Senate Armed Services Committee will hold a hearing on March 8, 2011, to examine the Department of the Navy in review of the Defense Authorization request for fiscal year 2012. - The House and Senate Veterans Affairs Committees will hold a joint hearing on March 8, 2011, to hear the legislative presentation from the Veterans of Foreign Wars of the United States. - The House and Senate Veterans Affairs Committees will hold a joint hearing on March 16, 2011, to hear the legislative presentation from AMVETS, Jewish War Veterans, Military Officers Association of America, Gold Star Wives, Blinded Veterans Association, Non Commissioned Officers

For more information on grant specifics and state summaries, please visit www.HealthCare.gov/news/factsheets/exchanges02162011a.html
Association, Iraq and Afghanistan Veterans of America, Fleet Reserve Association.

- The House and Senate Veterans Affairs Committees will hold a joint hearing on March 30, 2011, to hear the legislative presentation from Paralyzed Veterans of America, Air Force Sergeants Association, Military Order of the Purple Heart, National Association of State Directors of Veterans Affairs, Wounded Warrior Project, Vietnam Veterans of America, The Retired Enlisted Association, American Ex-Prisoners of War.

Meetings / Conferences

- The CHIME/HIMSS CIO Forum will be held on Feb. 20, 2011, in Orlando, Fla. [www.cio-chime.org](http://www.cio-chime.org)
- HIMSS 11 Annual Conference & Exhibition will be held on Feb. 20-24, 2011, in Orlando, Fla. [www.himss.org](http://www.himss.org)
- AHIP’s 2011 National Policy Forum will be held on March 8-9, 2011, in Washington D.C. [http://www.ahip.org](http://www.ahip.org)
- The 28th Annual Behavioral Risk Factor Surveillance System (BRFSS) Conference will be held March 19-23, 2011, in Atlanta, Georgia. [http://www.cdc.gov/brfss/about.htm](http://www.cdc.gov/brfss/about.htm)
- The 2011 National Immunization Conference (NIC) will be held March 28-31, 2011, in Washington, DC. [http://www.cdc.gov/vaccines/events/nic](http://www.cdc.gov/vaccines/events/nic)
- The mHealth Networking Conference will be held March 30-31, 2011, in Chicago, Ill. [www.mobih.org](http://www.mobih.org)
- The National Veterans Small Business Conference and Exposition will be held on August 15-18, 2011, in New Orleans. [http://fedhealthinst.org/subscriber.cfm](http://fedhealthinst.org/subscriber.cfm)

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 katetheroux@fedhealthinst.org. To subscribe, please visit [http://fedhealthinst.org/subscriber.cfm](http://fedhealthinst.org/subscriber.cfm). To unsubscribe, please send an email to newsletter@fedhealthinst.org with UNSUBSCRIBE as the subject.

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