

# Federal Health Update

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Welcome to *Federal Health Update*. This newsletter, produced by Kate Connelly Theroux in collaboration with the Institute of Federal Health Care, is a compilation of the latest news in the federal health care sector.

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## EXECUTIVE AND CONGRESSIONAL NEWS

- **The House is in recess until Jan. 17, 2012; the Senate resumes on Jan. 23, 2012.**
- **On Jan. 18, 2012, the White House announced that 28 states are on their way toward establishing a key component of health care reform — Affordable Insurance Exchanges.**

Affordable Insurance Exchanges are state-based, one-stop marketplaces where consumers can choose a private qualified health insurance plan that fits their health needs. Beginning in 2014, Exchanges will offer consumers the same kinds of insurance choices that members of Congress will have.

The [report](#) highlights how some states are moving forward to build Affordable Insurance Exchanges. The states profiled are not necessarily the states most advanced in establishing an Exchange; instead, they illustrate the diversity of approaches and progress being made.

The report outlines some of the steps the administration has taken to ensure all Americans have access to an exchange beginning in 2014. These include developing the information technology and business systems necessary to facilitate Exchanges in multiple states.

For more information on the Affordable Care Act, visit [www.healthcare.gov](http://www.healthcare.gov).

## MILITARY HEALTH CARE NEWS

- **After more than a decade of study, U.S. military researchers are poised to enter final testing on a vaccine that greatly reduces the recurrence of breast cancer.**

The vaccine, which works by teaching the body's immune system to attack cancer cells by recognizing a specific protein found on them, has been through one trial involving 200 patients and was found to cut the recurrence rate by half.

The next study, to be conducted by commercial firm, Galena Biopharma, will involve 700 to 1,000 patients. A successful study will pave the way for Food and Drug Administration approval, according to a Defense Department statement.

That study will take five years to complete, said Col. George E. Peoples, director of the Cancer Vaccine Development Program at San Antonio Military Medical Center.

A successful trial could have ramifications for patients with other cancers. The center already has tested the vaccine on prostate cancer survivors. Also, other cancers, including ovarian and lung cancer, exude the same protein, HER2, as the one the vaccine targets and could be candidates for future tests.

- **The Department of Defense (DoD) launched a new website today for children experiencing the challenges of military deployments.**

The highly interactive website, [www.MilitaryKidsConnect.org](http://www.MilitaryKidsConnect.org), created by psychologists at the DoD's National Center for Telehealth and Technology, helps children of deployed parents cope with the stress, changing responsibilities, and concern for the safety of their parents.

The center, known as T2, developed the website with informative videos, educational tools, and engaging games and activities for three age groups: Youth, ages 6 to 8; Tween, ages 9 to 12; and Teen, ages 13 to 17. The site features monitored online social network forums for the groups to safely share their experiences with deployments.

MilitaryKidsConnect.org is the first DoD website to connect the more than 2 million children who have had one of their parents deploy to Iraq or Afghanistan in the widely separated active, reserve, and National Guard military communities.

The website has features that will help children, parents, and educators navigate the wide range of practical and emotional challenges military families must live with throughout the deployment cycle.

The National Center for Telehealth and Technology, located at Joint Base Lewis-McChord, Wash., serves as the primary Department of Defense office for cutting-edge approaches in applying technology to psychological health. For more information, visit [www.t2health.org](http://www.t2health.org).

- **The Military Health System will host its fourth annual Remembrance ceremony on May 21, 2012.**

The Remembrance ceremony is dedicated to fallen military medical personnel of Operation Enduring Freedom, Operation Iraqi Freedom and Operation New Dawn. Each year, MHS leadership, families and friends of fallen military personnel gather at Arlington National Cemetery to honor, remember and reflect on the lives and service of their deceased loved ones.

Details on the program for this year's ceremony will be posted on the [Remembrance webpage](#).

- **The Sacramento Bee reports that a federal judge has approved a settlement which compels the Department of Defense to provide lifetime health care and post-exchange privileges to 2,100 veterans who have been medically discharged since 2002 with post-traumatic stress**

**disorder.**

The affected veterans had been discharged with disability ratings that were too low to entitle them to such benefits. The settlement provides lifetime disability retirement benefits to 1,029 veterans with PTSD who had been denied aid previously. An additional 1,066 will have their disability benefits increased. Another 2,200 potentially affected veterans did not opt in to the class-action lawsuit, though they might take individual legal action.

Under the recently approved class-action settlement, these veterans and their families will receive health care under TRICARE.

From December 2002 to October 2008, the military medically discharged about 4,300 soldiers, sailors, airmen and Marines with PTSD and disability ratings below 50 percent. The military services, veterans advocates charged in court, were "engaged in a transparent effort to purge their ranks" and cut costs.

Under congressional pressure in 2008, the Defense Department agreed to grant 50 percent disability ratings to those diagnosed with PTSD in the future. That policy change, though, came too late for some.

Separately, the Defense Department has created the Physical Disability Board of Review, which is empowered to revise the status of veterans who were medically discharged with less than 30 percent disability ratings from Sept. 11, 2001, through Dec. 31, 2009. While the class-action lawsuit was limited to PTSD cases, the special review board can examine any type of medical discharge.

Potentially, 74,374 medically discharged veterans are eligible to apply. So far, only about 3,200 have done so.

- **Fort Campbell's medical system is currently undergoing significant changes. Beneficiaries within a 40-mile radius of Fort Campbell, Kentucky, are now part of a new TRICARE region, switching from north to south.**

Additionally, health benefits will no longer be contracted through Health Net. Beginning April 1, benefits will be contracted through Humana.

"Half of Fort Campbell's market has always been in the southern region," said William Thresher, director of TRICARE Regional Office South.

Currently, Fort Campbell spans the border of two states (and two TRICARE regions), which often complicated transactions and referrals.

With a complete transition between one provider contract and another, Thresher says the biggest question people have is whether they will be able to keep their current Primary Care Manager (PCM).

"One of the commitments that the government has made in this particular case, and Humana has graciously supported, is to ensure that we have as close a coverage as the folks here have known over the years," said Thresher.

Though there are fewer than 90 days until the start date of the new contract, Humana is already in the mid-to-high 90th percentile in duplication of the Health Net provider network.

"So the answer to whether you can keep your doctor is probably yes," said Thresher. "In very few cases, there might be someone who has quit practicing or opted out of the network. For that small percentage of people, there may be a requirement to change physicians."

Humana Military Healthcare Services says that the provider network will be available in its entirety by April 1. As of now, there are about 400 beneficiaries' PCMs that haven't joined Humana's network. Officials promised that beneficiaries will be notified in advance if their PCM is not going to be in the network.

The contractor and region changes will have no impact on current co-pays and prescription costs.

When the transition is in effect, beneficiaries will be asked to call 1-800-444-5445 for Humana Military customer service, or log on to [www.humana-military.com](http://www.humana-military.com)

- **The Department of Defense announced that Capt. Rebecca J. McCormick-Boyle has been selected for promotion to rear admiral (lower half) and will be assigned as chief of staff, Bureau of Medicine and Surgery, Washington, D.C. McCormick-Boyle is currently serving as assistant deputy chief for medical operations, M3, Bureau of Medicine and Surgery, Washington, D.C.**

## VETERANS AFFAIRS NEWS

- **The Department of Veterans Affairs announced a change in regulations regarding payments for emergency care provided to eligible veterans in non-VA facilities.**

The new regulation extends VA's authority to pay for emergency care provided to eligible veterans at non-VA facilities until the veterans can be safely transferred to a VA medical facility. This new regulation will affect more than 100,000 veterans, at a cost of about \$44 million annually.

VA operates 121 emergency departments across the country, providing resuscitative therapy and stabilization in life-threatening situations. VA also has 46 urgent care units, which provide care for patients without scheduled appointments who need immediate medical or psychiatric attention.

For more information about emergency care in non-VA facilities, visit [www.nonvacare.va.gov](http://www.nonvacare.va.gov).

- **Edward Derwinski, the nation's first secretary of Veterans Affairs, has died. He was 85.**

Derwinski died Sunday of cancer, his family said. He will be buried this weekend at Arlington National Cemetery.

Derwinski's congressional career began in 1959 after he had served a single term in the Illinois House. He held his U.S. House seat until losing a primary race in 1982 after the boundaries of his district were redrawn.

Following his time in Congress, he spent six years at the State Department, rising to the post of undersecretary for national security affairs, before President George H. W. Bush picked him in 1989 to head of the Department of Veterans Affairs, which had just been elevated to Cabinet status.

Derwinski was among the troops that occupied Japan at the end of World War II, and after returning to civilian life he took over the family's saving and loan, helping it grow dramatically. He served on the board of an Oak Park bank until his death.

## GENERAL HEALTH CARE NEWS

- **The Department of Health and Human Services announced that Trustmark Life Insurance Company has proposed unreasonable health insurance premium increases in five states—Alabama, Arizona, Pennsylvania, Virginia, and Wyoming.**

The excessive rate hikes would affect nearly 10,000 residents across these five states.

To make these determinations, HHS used its "rate review" authority from the Affordable Care Act (the health care law of 2010) to determine whether premium increases of over 10 percent are reasonable.

In these five states, Trustmark has raised rates by 13 percent. For small businesses in Alabama and Arizona, when combined with other rate hikes made over the last 12 months, rates have increased by 27.2 percent and 18.1 percent, respectively. These increases were reviewed by independent experts

to determine whether they are reasonable. In this case, HHS determined that the rate increases were unreasonable because the insurer would be spending a low percentage of premium dollars on actual medical care and quality improvements, and because the justifications were based on unreasonable assumptions.

In addition to the review of rate increases, many states have the authority to reject unreasonable premium increases. Since the passage of the health care reform law, the number of states with this authority increased from 30 to 37, with several states extending existing “prior authority” to new markets.

For more information on the specific determinations made today, please visit <http://companyprofiles.healthcare.gov/>

- **U.S. health care spending experienced historically low rates of growth in 2009 and 2010 according to the annual report of national health expenditures (NHE) published in the January issue of the journal *Health Affairs*.**

Analysts at the Centers for Medicare & Medicaid Services (CMS) report in the article that the increase in spending for 2009 represents the lowest rate of increase in the entire 51 year history of the NHE. The low rate of growth, the data show, reflects lower utilization in health care than in previous years. The report notes that U.S. health care spending grew only 3.9 percent in 2010, reaching \$2.6 trillion or \$8,402 per person, just 0.1 percentage point faster than in 2009.

In 2010, as health spending growth remained low, growth in U.S. economy as reflected in gross domestic product (GDP) (4.2 percent) rebounded. As such in 2010, the health spending share of the overall economy was unchanged at 17.9 percent. In the past, this share has increased, rising over time from 5.2 percent in 1960.

The NHE report, prepared annually by the Centers for Medicare & Medicaid Services’ (CMS) Office of the Actuary, summarizes recent trends in health care spending based on the most current data sources. Available historically since 1960, the NHE represents the official estimates of total health care spending in the United States and measures annual health spending by the types of goods and services delivered (hospital care, physician services, retail prescription drugs, etc.), by the programs and payers that pay for that care (private health insurance, Medicare, Medicaid, etc.), and by the sponsors who are ultimately responsible for financing that care (private business, households, and governments).

To read this report, please visit:

[http://www.cms.gov/NationalHealthExpendData/02\\_NationalHealthAccountsHistorical.asp#TopOfPage](http://www.cms.gov/NationalHealthExpendData/02_NationalHealthAccountsHistorical.asp#TopOfPage)

- **More than one-third of adults and almost 17 percent of children were obese in 2009-2010 – the same as in 2003, according to the Centers for Disease Control and Prevention (CDC).**

Obesity soared in the U.S. during the 1980s and 1990s, doubling among adults and tripling among children.

The latest data, from 2009-2010 installment of the [National Health and Nutrition Examination Survey](#), indicates that more than 78 million adults and almost 13 million children ages 2 to 19 are obese. The proportion of adult Americans who are obese held steady at about 35 percent, marking the second time that had happened between installments of the survey. And when the researchers examined the surveys over the long-term, they found clear evidence that that overall obesity had leveled off.

The CDC reports, published online in the Jan 17 issue of the [Journal of the American Medical Association](#), summarize results of national health surveys in children and adults, which are conducted every two years. These surveys include in-person weight and height measurements. The 2009-2010

reports involved nearly 6,000 adults and about 4,000 children, from infancy through age 19.

The researchers didn't examine why the stall may be happening. But other experts speculate that at least part of it is all the attention the problem has been getting.

To read the entire report, please visit: <http://www.cdc.gov/nchs/data/databriefs/db82.htm>.

- **The U.S. Food and Drug Administration (FDA) has completed its recommendations for three user fee programs that will help speed safe and effective drugs and lower-cost generic drug and biosimilar biological products to patients.**

The programs include the fifth authorization of the Prescription Drug User Fee Act (PDUFA), and new user fee programs for human generic drugs and biosimilar biological products.

Under a user fee program, industry agrees to pay fees to help fund a portion of the FDA's drug review activities while the FDA agrees to overall performance goals such as reviewing a certain percentage of applications within a particular time frame.

The proposed user fee programs for generic drugs and biosimilars are modeled on the successful PDUFA program, which has ensured a predictable, consistent, and streamlined premarket program for prescription drugs. As a result of the continued investment of PDUFA resources, the United States now leads the world in first introduction of novel drugs.

PDUFA was created by Congress in 1992 and must be reauthorized every five years. The current program, known as PDUFA IV, will expire on Sept. 30, 2012, unless reauthorized by Congress. FDA's recommendations for PDUFA V were developed in consultation both with drug industry representatives and with patient and consumer advocates.

Under the recommendations, fees paid by industry would support continued timely review of critical prescription drugs, as well as advance the development of drugs for rare diseases, provide for enhanced communication with small or emerging companies, increase the use of standardized electronic data to improve quality and efficiency, and foster the use of new clinical endpoints that improve drug development times and help address unmet medical needs.

The proposed new Generic Drug User Fee program would provide the FDA with needed funding at a time when generic drug applications are on the rise. Generic drug user fees would help ensure consumers timely access to safe, high-quality and effective generic drugs, which account for two-thirds of all prescriptions dispensed in the U.S.

The proposed Biosimilar and Interchangeable Products User Fee program is intended for products approved under a new abbreviated approval pathway for biological products shown to be biosimilar to or interchangeable with an FDA-licensed biological product. The Affordable Care Act of 2010 contains a subtitle called the Biologics Price Competition and Innovation Act (BPCI) of 2009, which established this pathway.

For more information, please visit: [Prescription Drug User Fee Act: PDUFA V Reauthorization](#).

- **Shortages of key drugs used to fight infections represent a public health emergency and can put patients at risk, according to a review published in *Clinical Infectious Diseases* and available [online](#).**

Frequent anti-infective shortages can substantially alter clinical care and may lead to worse outcomes for patients, particularly as the development of new anti-infectives has slowed and the prevalence of multidrug-resistant pathogens is increasing.

Of the 193 medications unavailable in the U.S. at the time of the analysis, 13 percent were anti-infective drugs. According to the researchers, anti-infectives often represent irreplaceable life-saving treatments, and hospitalized patients are particularly vulnerable in an era when such shortages often



last months and are occurring more frequently.

First-line treatments for herpes encephalitis, neurosyphilis, tuberculosis, and enterococcal infections, among others, have been hit by shortages, forcing physicians to use other drugs that may not work as well. For example, the current shortage of the intravenous form of sulfamethoxazole/trimethoprim, a first-line treatment for *Pneumocystis jiroveci* pneumonia since the 1980s, may result in adverse outcomes for patients with severe disease.

Although the root cause of drug shortages can be hard to determine—current U.S. law does not require manufacturers to disclose such details—the authors point to several supply-side issues that play a role: procuring raw materials, processing, distributing, regulatory compliance, market shortages due to epidemics, new therapeutic indications, and perceived shortages.

Multidisciplinary stewardship programs that support the appropriate selection, dosing, route of administration, and duration of antimicrobial therapy can help front-line clinicians when a first-line anti-infective drug is in short supply. Hospitals should also develop strategies that anticipate the impact and extent of drug shortages, as well as identify therapeutic alternatives that mitigate potential adverse outcomes.

Enhancing oversight by the Food and Drug Administration through congressional legislation may also be needed to identify and correct shortages of life-saving anti-infective drugs, conclude the authors, who describe recently introduced legislation on this topic.

- **The Institute of Medicine is joining HBO, the Centers for Disease Control and Prevention (CDC), the National Institutes of Health (NIH), the Michael & Susan Dell Foundation, and Kaiser Permanente in developing "The Weight of the Nation," a new national campaign tackling the obesity crisis.**

[The Weight of the Nation](#) will shed new light on the facts and myths of this urgent public health issue and explore how obesity is impacting the nation and the health care system. This multipronged project will feature a series of four documentary films, a three-part HBO Family series, 14 bonus short films, a social media campaign, a companion book, and a nationwide community-based outreach campaign. The four-part documentary series will air May 14 and 15, 2012. The other facets of the initiative were developed with expert input from IOM as well as CDC and NIH.

In conjunction with the project, IOM will publish a new report funded by the Robert Wood Johnson Foundation that will review progress made so far to implement strategies to curb obesity and recommend selected actions aimed at accelerating progress in the near future. The report's recommendations will serve as scientifically grounded guidance to community groups, policymakers, and other concerned individuals and organizations seeking to implement obesity prevention strategies locally and at the national level.

Past studies by IOM and others have shown that obesity is not simply a failure of personal responsibility and combating it demands action at all levels — from the individual and the family, to communities, to the nation as a whole. IOM is also working with the collaborating organizations to develop action kits that will provide tools to help community-based groups take steps to prevent obesity.

## GUARD/RESERVE

- As of Jan. 17, 2012, the total number of Guard and Reserve currently on active duty has **decreased** by 2,273 to 83,703. The totals for each service are Army National Guard and 63,690; Navy Reserve, 4,630; Air National Guard and Air Force Reserve, 9,380; Marine Corps Reserve, 5,240, and the Coast Guard Reserve, 763. [www.defenselink.mil](http://www.defenselink.mil)

## REPORTS/POLICIES

- **The Institute of Medicine (IOM) published “Sex-Specific Reporting of Scientific Research - Workshop Summary,” on Jan. 13, 2012.** Research has shown that the number of women participating in clinical trials has increased over the last two decades, though they are still underrepresented. Even when women are included in these trials, however, the results are often not analyzed separately by sex. The workshop looked at sex-specific reporting in all types of scientific research. <http://www.iom.edu/Reports/2012/Sex-Specific-Reporting-of-Scientific-Research.aspx>
- **The GAO published “Health Care Quality Measurement: HHS Should Address Contractor Performance and Plan for Needed Measures,” (GAO-12-136) on Jan. 13, 2012.** In January 2009, HHS awarded a contract to the National Quality Forum (NQF), a nonprofit organization that endorses health care quality measures. This report examines the status of projects under NQF’s required contract activities, and the extent to which HHS used or planned to use the measures it has received from NQF under the contract to meet its quality measurement needs, as of August 2011. <http://www.gao.gov/assets/590/587658.pdf>
- **The GAO published “VA Enhanced Monthly Benefits: Recipient Population Is Changing, and Awareness Could Be Improved,” (GAO-12-153) on Jan. 13, 2012.** This report characterizes characteristics of enhanced monthly benefit recipients; how the benefits help veterans obtain needed services, and the associated difficulties they face in obtaining these services; and VA’s efforts to educate veterans and their family members about the availability of the benefits. <http://www.gao.gov/assets/590/586923.pdf>

## HILL HEARINGS

- The House Subcommittee on Disability Assistance and Memorial Affairs (DAMA) will hold a hearing on **Jan. 24, 2012**, to examine the VA disability rating schedule.
- The House Committee on Veterans' Affairs will hold a hearing on **Feb. 1, 2012**, to examine VA's pharmaceutical prime vendor contract.
- The House Committee on Veterans' Affairs will hold a hearing **Feb. 9, 2012**, to examine the U.S Department of Veterans Affairs budget request for fiscal year 2013
- The House and Senate Committees on Veterans' Affairs will hold a joint hearing on **Feb. 28, 2012**, to receive legislative presentation of the Disabled American Veterans (DAV).
- The House and Senate Committees on Veterans' Affairs will hold a joint hearing on **March 7 and March 22, 2012**, to receive legislative presentation from various veterans service organizations.

## LEGISLATION

- There was no legislation proposed this week.

## MEETINGS

- 2012 Military Health System Conference will be held **Jan. 30 - Feb. 2, 2012**, in National Harbor, Md. [www.tricare.mil](http://www.tricare.mil)
- Digital Health Communication Extravaganza will be held on **Feb. 15-17, 2012**, in Orlando, Fla.



<http://conferences.dce.ufl.edu/dhcx/>.

- Annual HIMSS Conference & Exhibition will be held **Feb. 20-24, 2012**, in Las Vegas, Nev. <http://www.himssconference.org/?src=hwnav>
- The International Conference on Emerging Infectious Diseases 2012 (ICEID) will be held on **March 11-14, 2012**, in Atlanta, Ga. <http://www.cdc.gov/eid/content/16/11/e1.htm>
- Behavioral Risk Factor Surveillance System (BRFSS) 29th Annual Conference will be held on **March 24-28, 2012**, in Atlanta, Ga. <http://www.brfss2011conference.com/>
- Warrior Resilience Conference IV will be held **March 29-30, 2012**, in Washington DC [http://www.dcoe.health.mil/Default\\_Error.aspx?aspxerrorpath=/content.aspx](http://www.dcoe.health.mil/Default_Error.aspx?aspxerrorpath=/content.aspx)
- 9th Annual World Healthcare Congress will be held **April 16-18, 2012**, in Washington DC <http://www.worldcongress.com/events/HR12000/index.cfm?confCode=HR12000>
- Freedom & Recovery—Integrated Mental Health and Addiction Treatment for Veterans will be held **April 23-26, 2012**, in San Diego, Calif. <http://wwwFOUNDATIONSRECOVERYNETWORK.com/events/freedom-and-recovery-2012/FRN-Freedom-and-Recovery-Ad.pdf>
- Armed Forces Public Health Conference will be held **June 1-8, 2012**, in San Diego, Calif. <http://usaphcapps.amedd.army.mil/afphc/>
- Armed Forces Public Health Conference "Partners in Prevention" Core Conference will be held on **June 4-8, 2012**, in San Diego, Calif. <http://www.pdhealth.mil/education/afphc.asp>
- The 15th International Congress on Infectious Diseases (ICID) will be held on **June 13-16, 2012**, in Bangkok, Thailand. [http://www.isid.org/15th\\_ICID/](http://www.isid.org/15th_ICID/)

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If you need further information on any of the items in the *Federal Health Update*, please contact Kate Theroux at (703) 447-3257 or by e-mail at [dhakat@aol.com](mailto:dhakat@aol.com).