

# 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

- **U.S. Rep. Norm Dicks (D-Wash.) announced he would not be seeking re-election in 2012.**

Dicks was first elected to Congress in 1976 to represent Washington State's 6th Congressional District, and he has been re-elected in every election since that time. Having received a rare first-term appointment to the House Appropriations Committee, Rep. Dicks currently serves as the top-ranking Democratic member of the full Appropriations Committee, as well as the ranking Democratic member of the Defense Appropriations Subcommittee.

## MILITARY HEALTH CARE NEWS

- **Deputy Secretary of Defense Ashton B. Carter submitted a report to Congress describing the department's plan to further integrate health operations.**

The report outlines three proposed reforms to the governance structure of the Military Health System (MHS), designed to make DoD's health system more effective and

produce savings. TRICARE benefits and access to care will not be affected by the changes.

The three principal reforms are:

- Establishing a Defense Health Agency (DHA) to absorb the functions of the TRICARE Management Activity and assume responsibility for common clinical and business processes across the MHS such as medical education for physicians, nurses, medics, and pharmacists, and medical logistics and health information technology.
- Appointing market managers for multi-service medical markets with enhanced authorities to create and sustain a cost-effective, coordinated, and high-quality health care system in those markets.
- Transferring responsibility for running military treatment facilities within the National Capital Region (NCR) — including Walter Reed National Military Medical Center and Fort Belvoir Community Hospital — to a subordinate organization within the Defense Health Agency that will succeed the Joint Task Force - National Capital Region Medical (JTF-CapMed).

Carter has directed the under secretary of defense for personnel and readiness and the chairman of the Joint Chiefs of Staff to establish a planning team involving each of the military services, to ensure the department is prepared for timely implementation of these reforms following the required Congressional and Government Accountability Office review.

This report was required by Section 716 of the National Defense Authorization Act for 2012.

A full copy of the report can be viewed at

[http://www.health.mil/2012\\_MHS\\_Governance\\_Report.aspx](http://www.health.mil/2012_MHS_Governance_Report.aspx).

- **Former Harris Corp. executive Barclay Butler has been appointed director of the DoD/VA Interagency Program Office (IPO), which oversees the agencies' integrated electronic health record project and other joint initiatives.**

Butler, who served as vice president of healthcare operations for Harris' Falls Church, Va., office, started work at the joint office on Feb. 27. David Wennergren, DoD's assistant deputy chief management officer, had been serving as interim director since July. The director position required approval from VA and DoD secretaries.

As director, Butler is also the program executive for the iEHR and the health portion of the Virtual Lifetime Electronic Record (VLER) initiative, according to a charter signed by VA Deputy Secretary Scott Gould and then-Deputy Defense Secretary Bill Lynn in October. Butler must also acquire, develop and integrate "major joint DoD/VA health (information technology) capabilities for the iEHR and VLER health," the charter said.

DoD and VA share a \$700 million combined budget for the iEHR this fiscal year, and the joint program office is responsible for the program's success.

The charter also tasks the office director with reporting staff shortages "for any areas that may impact the ability to deliver capabilities on schedule." By 2014, the departments hope to provide a single virtual access point for health and benefits services. The program office will determine how many employees are needed to staff the office, and personnel working on office programs or initiatives will be evaluated by the director or deputy director.

- **The *Air Force Times* reports that a decision on the whether TriWest will retain its**

**\$17 billion contract to provide health care services to the TRICARE West region will occur soon.**

The original five-year contract to provide health services for 2.9 million service members, military retirees and their families in 21 states was protested by UnitedHealth Group, who also bid on the contract. TRICARE reissued the solicitation in April 2011.

The contract for the TRICARE West Region has been held since 1996 by TriWest Healthcare Alliance Corp., a Phoenix-based consortium of 18 not-for-profit healthcare organizations and hospital systems.

In 2009, TriWest won the current fixed-fee contract, a \$2.8 billion, 10-month base proposal with five 1-year option periods worth up to \$16.9 billion.

TRICARE North's contract was awarded in 2010 to Health Net Federal Services.

TRICARE South is managed by Humana Military Healthcare Services.

## VETERANS AFFAIRS NEWS

- **The Department of Veterans Affairs (VA) has awarded a contract to build a new primary care clinic in Tampa to Duke Realty.**

The contract is to build a 106,000-square-foot facility at Hidden River Corporate Park, which VA will then rent from the contractor.

The project, scheduled for completion in 2014, calls for a two-story building with primary care services now provided by the James A. Haley VA Medical Center. The contract includes 826 parking spaces and will create 320 construction jobs.

The clinic, which is located four miles from the Haley medical center, will provide primary care services for over 87,000 Veterans in Pasco, Polk, Hernando and Hillsborough counties.

- **The Department of Veterans Affairs (VA) has honored three organizations for their contributions to a new digital badge program that will make it easier for veterans to document the skills they learned in uniform for civilian employers and institutions of higher education.**

Last November, the VA Innovation Initiative (VAi2) announced a nation-wide competition to create digital "badges" to help veterans translate their military skills into civilian jobs or to receive advance credit in higher education.

Finalists in the contest are:

- The Manufacturing Institute, an affiliate of the National Association of Manufacturers, which will incorporate badges in its online jobs-and-talent-matching platform.
- TopCoder, Inc., an international information technology consulting company, will issue badges representing military training and experience and use them to qualify a veteran for a particular assignment.
- Western Governors University, a national, non-profit, university sponsored by 19 governors, will award academic transfer credit to Veterans who have earned digital badges representing corresponding military training. The university's initial

focus will be in its IT and health care degree programs.

The finalists will now compete in the second phase of the contest to see which organization best implements its badges program by the end of May. VA will announce the final winner of the contest shortly after Memorial Day.

VA was joined by the departments of Education, Energy and Labor in sponsoring the contest. The Badges for Vets contest is part of the Badges for Lifelong Learning Competition administered by a consortium supported by the John D. and Catherine T. MacArthur Foundation and Mozilla Foundation.

- **The Department of Veterans Affairs (VA) has selected HP Enterprise Services to continue as a prime contractor for the Compensation and Pension Record Interchange (CAPRI) support program to help deliver quality healthcare to veterans.**

HP will provide overall project management, business process analysis and testing services as well as software design, development and support services. The contract extends HP's 10-year involvement with the CAPRI application, and the company's relationship with the VA, which has spanned more than 12 years.

The CAPRI application enhances the efficiency of claims processing by allowing the Veterans Health Administration and the Veterans Benefits Administration to share medical data through the Bidirectional Health Information Exchange system. The CAPRI software provides online access to medical data, which enhances the timeliness of the benefits determination. This will facilitate expedited claims processing and improved quality of healthcare for disabled veterans.

Over the term of the contract, HP will team with small, veteran-owned businesses, Systems Made Simple Inc. and V-Tech Solutions Inc., to complete the project.

More information about HP Enterprise Services' government business is available at [www.hp.com/enterprise/government](http://www.hp.com/enterprise/government).

- **A study has found that veterans with post-traumatic stress disorder are more likely to be prescribed opioid pain killers than other veterans with pain problems and more likely to use the opioids in risky ways.**

The Department of Veterans Affairs VA study, published in the *Journal of the American Medical Association*, also found that veterans returning from Iraq and Afghanistan who were prescribed opioids for pain — particularly those with post-traumatic stress disorder — had a higher prevalence of “adverse clinical outcomes,” such as overdoses, self-inflicted injuries and injuries caused by accidents or fighting.

The VA and the Department of Defense (DoD) have been trying to reduce the use of opioid pain therapy among active duty troops and veterans amid reports of overmedication, addiction, rampant drug abuse and accidental deaths caused by overdoses or toxic mixing of medications.

But the study raises new concerns that primary care doctors — the main prescribers of opioids to veterans — are not always following government guidelines intended to restrict opioid pain therapy for veterans with PTSD and other mental health diagnoses.

VA and DoD have been expanding alternative pain treatment programs to reduce the use of opioids, including acupuncture, chiropractic medicine, physical therapy, exercise therapy and relaxation techniques. VA is also looking to expand the use of psychological therapies already used for PTSD, mainly cognitive behavioral therapy, for treating chronic pain as well.

The new study is considered particularly significant because of the sheer size of its sample: more than 141,000 veterans of Iraq and Afghanistan who received pain therapy for problems other than cancer from 2005 to 2010.

The study found that patients who had received mental health diagnoses showed patterns of higher-risk opioid use, and that the patterns were strongest among PTSD patients. The researchers also found that veterans with post-traumatic stress disorder were more likely to receive opioid therapy even if they had known substance-use disorders, despite clear warnings that such prescriptions could be dangerous.

More than four in 10 veterans with post-traumatic stress disorder were receiving opiates at the same time as benzodiazepines – a family of medications, including Xanax – that is prescribed for anxiety disorders like PTSD. Mixing opiates, benzodiazepines and alcohol can lead to respiratory depression and death.

## GENERAL HEALTH CARE NEWS

- **When asked to choose a health care provider based only on cost, consumers choose the more expensive option, according to a new study funded by HHS' Agency for Healthcare Research and Quality (AHRQ).**

The study, published in the March issue of *Health Affairs*, found that consumers equate cost with quality and worry that lower cost means lower quality care. But higher costs may indicate unnecessary services or inefficiencies, so cost information alone does not help consumers get the best value for their health care dollar, according to the study.

Entitled "An Experiment Shows That a Well-Designed Report on Costs and Quality Can Help Consumers Choose High-Value Health Care," found that when consumers were shown the right mix of cost and quality information, they were better able to choose high-value health care providers—defined as those who deliver high-quality care at a lower cost.

Health care consumers want to visit high-quality doctors and hospitals, and many public report cards are available to help them compare providers. However, few report cards include information on cost, and there has been little scientific evidence to guide the presentation of that information to help consumers choose high value providers.

A team of researchers studied 1,400 employees in a randomized experiment to find out how they responded to different presentations of quality and cost information. When providers were clearly identified as high quality, cost had less influence on consumers' decisions and consumers were more likely to choose a provider with lower cost but better quality than a high-cost provider.

The study explored a number of ways to present cost and quality information effectively. The study's findings have implications for the design of public report cards that offer consumers information on the quality and cost of health care providers. Although report producers have been adopting strategies to help consumers process and use comparative information on quality and cost, many reporting websites still use overly technical information or present other barriers to easy comprehension, according to the study.

- **One in three individuals is living in a family that has felt the financial burden of medical care, a new government report shows.**

This figure includes people who in the first half of 2011 couldn't afford to pay their medical bills at all or were possibly paying the bill over an extended period of time.

According to the National Center for Health Statistics, an estimated 1 in 5 people in the U.S. said they lived in a family having problems paying medical bills in “the last 12 months.” Those bills could have been for doctors, dentists, hospitals, therapists, medication, medical equipment, nursing home, or home health care.

Although the report found that an estimated 20 percent of Americans surveyed said they were having difficulty paying a medical bill, “this may or may not be a problem,” says researcher Robin Cohen, PhD, a statistician with the National Center for Health Statistics.

This data were collected between January and June 2011 from more than 52,000 people who were participating in the National Health Interview Survey.

- **Surgeon General Dr. Regina Benjamin released a new report, *Preventing Tobacco Use Among Youth and Young Adults*.**

This report details the scope, health consequences and influences that lead to youth tobacco use and proven strategies that prevent its use.

Tobacco is the leading cause of preventable and premature death, killing more than 1,200 Americans every day. For every tobacco-related death two new young people under the age of 26 become regular smokers. Nearly 90 percent of these replacement smokers try their first cigarette by age 18. Approximately 3 out of 4 high school smokers continue to smoke well into adulthood.

The surgeon general's report provides further scientific evidence on the addictive nature of nicotine. The younger individuals are when they start using tobacco, the more likely they are to become addicted and the more heavily addicted they will become.

While the long-term health effects of tobacco use are well known, this report concludes that smoking early in life has substantial health risks that begin immediately in young smokers. These include serious early cardiovascular damage and a reduction of lung functionality. This lung damage is permanent, causes shortness of breath immediately and increases the risk of pulmonary diseases later in life.

Expenditures for marketing and promotion of tobacco products exceed \$1 million an hour – over \$27 million a day – in the United States alone. Targeted messages and images that portray smoking as an acceptable, appealing activity for young people are widespread, and advertising for tobacco products is prominent in retail stores and online.

Copies of the full report, executive summary, and the easy-to-read guide may be downloaded at <http://www.surgeongeneral.gov>.

- **The Centers for Disease Control and Prevention (CDC) reports that *Infections from Clostridium difficile (C. difficile)*, a bacteria that causes diarrhea and other health issues, is a patient safety concern in all types of medical facilities, not just hospitals as traditionally thought.**

While many health care-associated infections, such as bloodstream infections, declined in the past decade, *C. difficile* infection rates and deaths climbed to historic highs.

*C. difficile* is linked to about 14,000 U.S. deaths every year. Those most at risk are people who take antibiotics and also receive care in any medical setting. Almost half of infections occur in people younger than 65, but more than 90 percent of deaths occur in people 65 and older. Previously released estimates based on billing data show that the number of U.S. hospital stays related to *C. difficile* remains at historically high levels of about 337,000 annually, adding at least \$1 billion in extra costs to the health care system. However, the

report shows that these hospital estimates may only represent one part of *C. difficile*'s overall impact.

According to [Vital Signs](#), 94 percent of *C. difficile* infections are related to medical care. About 25 percent of *C. difficile* infections first show symptoms in hospital patients; 75 percent first show in nursing home patients or in people recently cared for in doctor's offices and clinics.

Although the proportion of infection onset is lower in hospitals, these facilities remain at the core of prevention since many patients with *C. difficile* infections are transferred to hospitals for care, raising risk of spread within the facility. The report shows that half of *C. difficile* infections diagnosed at hospitals were already present at the time the patient was admitted (present on admission), usually after getting care in other facilities. The other half were related to care given in the hospital where the infection was diagnosed.

Patients get *C. difficile* infections most often within a few months of taking antibiotics and also receiving medical care.

For more information about preventing *C. difficile*, visit [http://www.cdc.gov/HAI/organisms/cdiff/Cdiff\\_infect.html](http://www.cdc.gov/HAI/organisms/cdiff/Cdiff_infect.html).

## GUARD/RESERVE

- As of March 6, 2012, the total number of Guard and Reserve currently on active duty has **decreased** by 729 to 72,562. The totals for each service are Army National Guard and 52,587; Navy Reserve, 4,763; Air National Guard and Air Force Reserve, 9,633; Marine Corps Reserve, 4,834, and the Coast Guard Reserve, 745. [www.defenselink.mil](http://www.defenselink.mil)

## REPORTS/POLICIES

- **The GAO published “Drug Pricing: Research on Savings from Generic Drug Use,” (GAO-12-371R) on March 1, 2012.** This report reviews articles that used varying approaches to estimate the savings associated with generic drug use in the United States. <http://www.gao.gov/assets/590/588064.pdf>
- **The GAO published “Nursing Home Quality: CMS Should Improve Efforts to Monitor Implementation of the Quality Indicator Survey (QIS),” (GAO-12-214) on March 2, 2012.** This report examined the extent to which CMS evaluates whether progress is being made in meeting the objectives of the QIS and monitors and facilitates states' implementation of the QIS. <http://www.gao.gov/assets/590/588155.pdf>
- **The Congressional Budget Office released a report on H.R. 452, Medicare Decisions Accountability Act of 2011, on March 8, 2012.** This legislation would repeal the provisions of the Affordable Care Act (ACA) that established the Independent Payment Advisory Board (IPAB) and created a process by which that Board (or the HHS Secretary) would be required under certain circumstances to modify the Medicare program to achieve certain specified savings. According to the CBO, the bill would not have any budgetary impact in 2012 but would increase direct spending by \$3.1 billion over the 2013-2022 period. <http://www.cbo.gov/publication/43048>

- **The GAO published “Military Base Realignments and Closures: Key Factors Contributing to BRAC 2005 Results,” (GAO-12-513T) on March 8, 2012.** This report examines key factors and challenges that contributed to BRAC 2005 implementation and results and the most recent estimated costs and savings attributable to BRAC 2005. <http://www.gao.gov/assets/590/589135.pdf>

## HILL HEARINGS

- The Senate Armed Services Committee will hold a hearing on **March 15, 2012**, to examine the Department of the Navy in review of the Defense Authorization request for fiscal year 2013 and the Future Years Defense Program.
- The House Appropriations Labor, Health and Human Services, Education, and Related Agencies Subcommittee will hold a budget hearing on **March 20, 2012**, to examine the National Institutes of Health’s proposed budget for fiscal year 2013.
- The Senate Armed Services Committee will hold a hearing on **March 20, 2012**, to examine the Department of the Air Force in review of the Defense Authorization request for fiscal year 2013 and the Future Years Defense Program.
- The House Appropriations Military Construction, Veterans Affairs and Related Agencies Subcommittee will hold a budget hearing on **March 21, 2012**, to examine the Department of Veterans Affairs’ proposed budget for fiscal year 2013.
- The House and Senate Committees on Veterans' Affairs will hold a joint hearing on **March 21, 2012**, to receive legislative presentations of the Military Order of the Purple Heart, Iraq and Afghanistan Veterans of America (IAVA), Non Commissioned Officers Association, American Ex-Prisoners of War, Vietnam Veterans of America, Wounded Warrior Project, National Association of State Directors of Veterans Affairs, and The Retired Enlisted Association.
- The House and Senate Committees on Veterans' Affairs will hold a joint hearing on **March 22, 2012**, to receive legislative presentations of the Paralyzed Veterans of America, Air Force Sergeants Association, Blinded Veterans Association, American Veterans (AMVETS), Gold Star Wives, Fleet Reserve Association, Military Officers Association of America, and the Jewish War Veterans.
- The Senate Armed Services Committee will hold a hearing on **March 28, 2012**, to examine the Active, Guard, Reserve, and civilian personnel programs in review of the Defense Authorization request for fiscal year 2013 and the Future Years Defense Program.

## LEGISLATION

- **H.R.4160** (introduced March 7, 2012): To amend the Social Security Act to replace the Medicaid program and the Children's Health Insurance program with a block grant to the States, and for other purposes was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means, Education and the Workforce, the Judiciary, Natural Resources, House Administration, Rules, and Appropriations. Sponsor: Representative Todd Rokita [IN-4]
- **H.R.4142** (introduced March 5, 2012): the American Heroes COLA Act was referred to the House Committee on Veterans' Affairs. Sponsor: Representative Jon Runyan [NJ-3]



## MEETINGS

- 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/)
- The 2012 National Conference on Health Statistics will be held **August 6-8, 2012**, in Washington DC 2012 [http://service.govdelivery.com/service/view.html?code=USCDC\\_43](http://service.govdelivery.com/service/view.html?code=USCDC_43)

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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).