

# 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

- **According to the *Air Force Times*, the House Armed Services Committee's Military Personnel subcommittee is prepared to vote for a 1.7 percent military pay raise but will veto to increasing TRICARE fees for military retirees and their families.**

The subcommittee is in the process of drafting its portion of the 2013 defense authorization bill

The Senate Armed Services Committee won't start writing its version of the bill until late May.

There is no partisan disagreement about providing a 1.7 percent increase in basic pay and drill pay for service members, even at a time when federal civilian employees, and probably members of Congress, will have their pay frozen in the name of deficit reduction.

The 1.7 percent raise, effective Jan. 1, is the amount requested by the Obama administration to match a federal pay formula that calls for military raises to equal the average increase in the private sector.

The parties also agree on ignoring a Pentagon request to raise Tricare fees for retirees. Instead of fee hikes, the draft legislation includes a statement justifying the generous

health care benefits for retirees. The statement, a nonbonding sense of Congress, says “career members of the uniformed services and their families endure unique and extraordinary demands and make extraordinary sacrifices over the course of a 20- to 30-year career in protecting freedom for all Americans.” It also says, “Those decades of sacrifice constitute a significant pre-paid premium for health care during a career member’s retirement that is over and above what the member pays with money.”

No mention is made of the Pentagon’s proposal to create a nine-member independent commission to recommend ways to cut costs for military retired pay.

- **President Barack Obama named thirteen recipients of the Presidential Medal of Freedom.**

The Medal of Freedom is the nation’s highest civilian honor, presented to individuals who have made especially meritorious contributions to the security or national interests of the United States, to world peace, or to cultural or other significant public or private endeavors. The awards will be presented at the White House in late spring.

One of the recipients is William Foege, a physician and epidemiologist, who helped lead the successful campaign to eradicate smallpox in the 1970s. He was appointed director of the Centers for Disease Control and Prevention in 1977 and, with colleagues, founded the Task Force for Child Survival in 1984.

Foege became executive director of The Carter Center in 1986 and continues to serve the organization as a Senior Fellow. He helped shape the global health work of the Bill and Melinda Gates Foundation, and remains a champion of a wide array of issues, including child survival and development, injury prevention, and preventative medicine. Foege’s leadership has contributed significantly to increased awareness and action on global health issues and has inspired a generation of leaders in public health.

## MILITARY HEALTH CARE NEWS

- **Providing military families and medical providers with "An Outstanding Customer Service Experience" has earned TriWest Healthcare Alliance its fifth-consecutive J.D. Power and Associates certification.**

TriWest—the Department of Defense (DoD) contractor that administers TRICARE, the military’s health care entitlement, in 21 western states—handles about 20,000 phone calls daily across its six contact centers.

A third party conducted surveys of about 1,000 TriWest customers over two weeks and measured:

- Contact center representatives' concern for the customer
- Courtesy and knowledge
- Convenience of operating hours
- Ease of reaching a representative
- Timely call resolution

TriWest scored high in all categories, resulting in the certification. In addition to meeting J.D. Power and Associates certification guidelines, TriWest continually exceeds challenging contact center time and effectiveness standards set by the DoD.

TriWest's six contact centers are located in: Anchorage, Alaska; Colorado Springs, Colo.; Honolulu; Phoenix; San Diego; and Tacoma, Wash. The company's claims

subcontractor—Wisconsin Physicians Service—is in Wausau, Wis., and handles claims inquiries.

- **Humana Military Healthcare Services is ranked 23 out of 40 for the Military Times' EDGE magazine's "Best for Vets" employers for 2012.**

Military Times is a weekly publication to active duty and retired members of the U.S. Army, Navy, Air Force and Marine Corps subscribers. Military Times surveyed and considered more than 1,000 major corporations and Department of Defense (DoD) contractors with a detailed questionnaire about hiring policies, recognition of veterans, and benefits for National Guard and Reservists.

The rankings were based on the following criteria:

Recruiting: Budget and staff dedicated to military hiring, venues where jobs are marketed to veterans, and percentage of new hires who were veterans

Reserve policies: Pay and benefits for National Guard and Reservists, policies to accommodate and support deployments

Corporate Culture: Representation of veterans on the executive team, programs for military spouses and dependents, training, involvement in military and veteran causes

On this year's list, Humana achieved the highest ranking of any health care company. Other companies listed in the "Best Employers for Vets" include USAA, JPMorgan Chase & Co., General Electric, Express Scripts, and Verizon Communications, Inc.

## VETERANS AFFAIRS NEWS

- **The Department of Veterans Affairs has expanded its mental health services to include professionals from two additional health care fields: marriage and family therapists (MFT) and licensed professional mental health counselors (LPMHC).**

The two fields will be included in the hiring of an additional 1,900 mental health staff nationwide that VA announced last week. Recruitment and hiring will be done at the local level. The new professionals will provide mental health diagnostic and psychosocial treatment services for veterans and their families in coordination with existing mental health professionals at VA's medical centers, community-based outpatient clinics, and Vet Centers.

VA has developed qualification standards for employment as LPMHCs and MFTs and has announced the appointments of mental health and health science professionals to serve on professional standards boards. The boards will review applicants for LPMHC and MFT positions in the Veterans Health Administration (VHA) to determine eligibility for employment and the government grade level appropriate for the individual in the selected position. The boards will also review promotions in these positions.

For more information about mental health care that VA provides, visit:

<http://www.mentalhealth.va.gov/>.

- **The Department of Veterans Affairs has greatly overstated how quickly it provides mental-health care for veterans, according to an [inspector general's report released on April 23, 2012](#).**

Contrary to VA claims that 95 percent of first-time patients seeking mental-health care in 2011 received an evaluation within the department's goal of 14 days, just under half were seen in that time frame, the report found. A majority waited about 50 days on average for a full evaluation.

A similar claim that 95 percent of new patients in 2011 were given appointments to begin treatment within 14 days of their desired date was also far off the mark; the report from the VA Office of Inspector General estimated that 64 percent of patients did; the rest waited on average 40 days.

The inflated claims, made in the VA's fiscal 2011 performance and accountability report, come with the department facing growing demand for mental-health services, as thousands of veterans return from Iraq and Afghanistan.

The inspector general's report concluded that the Veterans Health Administration (VHA), which runs VA medical care, lacks any accurate method of measuring how long veterans wait for mental-health care.

The data on whether new patients were seen within the desired time were often based on available appointments, rather than the patient's clinical needs. If the patient was given an appointment two months later because of a lack of openings, the veteran would still be recorded as having been seen within two weeks of the desired date.

The report recommends that the VA revise its measurements to reflect the time veterans actually wait for mental-health care and that the VA study whether mental-health staff vacancies represent a systemic problem.

- **Harris Corporation, an international communications and information technology company, has been awarded a multi-year \$80.3 million contract by the Department of Veterans Affairs (VA) Technology Acquisition Center to help integrate electronic health records for the VA and the Department of Defense (DoD).**

Harris will develop the system's key Services Oriented Architecture (SOA), which will be released in early 2014.

The contract represents a breakthrough in interoperability as the VA and DoD join forces to streamline administration and recordkeeping, exchange health information, contain costs, track and manage care and enhance outcomes for millions of active duty and retired military personnel and their families.

The SOA Suite contract awarded to Harris is part of the VA's T4 (Transformation Twenty-One Total Technology) contract vehicle aimed at streamlining VA operations, including the patient care delivered at more than 150 VA hospitals. Harris was one of fifteen prime contractors selected for T4 in September 2011.

The VA and DoD have several disparate healthcare information systems including VistA, CHCS and AHLTA, as well as two hundred local data centers. Under this award, Harris will provide a single architecture and joint execution strategy for the two agencies. The SOA Suite will serve as the standard platform to migrate legacy systems, applications and sharing capabilities. Harris will deploy a common federated middleware as a secure, virtualized, intelligent infrastructure allowing best-of-breed "Cloud First" services for all members of the DoD and VA healthcare systems. Harris plans to work with the DoD and VA to develop a demonstration site by September 2012, with full site deployment slated for August 2013 and full SOA release by early 2014.

## GENERAL HEALTH CARE NEWS

- **The 2012 Medicare Trustees Report found that the Hospital Insurance (HI) Trust Fund is expected to remain solvent until 2024.**

This finding is the same as last year's estimate, but the report calls for action to secure its long-term future. In 2011, the HI Trust Fund expenditures were lower than expected.

According to the report, the HI Trust Fund would expire eight years earlier (in 2016), without the enactment of the Affordable Care Act. The law provides tools to control costs over the long run, such as changing the way Medicare pays providers to reward efficient, high-quality care. These efforts to reform the healthcare delivery system are not factored into the Trustees' projections, as many of the initiatives are just launching.

The report projects that the Supplementary Medical Insurance (SMI) Trust Fund is financially balanced because beneficiary premiums and general revenue financing are expected to cover program costs. Spending from the Part B account of the SMI trust fund grew at an average rate of 5.9 percent over the last five years.

SMI Part D, the Medicare prescription drug program, had an average growth rate of 7.2 percent over the last five years. Cost projections for Part D are lower than in the 2011 Trustees report, due to lower spending in 2011 and greater expected use of generic drugs.

HI expenditures have exceeded income annually since 2008 and are projected to continue doing so under current law in all future years. Trust Fund interest earnings and asset redemptions are required to cover the difference. HI assets are projected to cover annual deficits through 2023, with asset depletion in 2024. After asset depletion, if Congress were to take no further action, projected HI Trust Fund revenue would be adequate to cover 87 percent of estimated expenditures in 2024 and 67 percent of projected costs in 2050. In practice, Congress has never allowed a Medicare trust fund to exhaust its assets.

The report is available at:

<https://www.cms.gov/ReportsTrustFunds/downloads/tr2012.pdf> .

- **Walgreens will pay \$7.9 million in a settlement reached amid allegations the drugstore chain illegally paid kickbacks so that prescriptions would be transferred to its pharmacies, the U.S. Justice Department announced.**

Investigators had been looking into whether Walgreens had given people enrolled in government-run health programs — such as Medicare, Medicaid and TRICARE (for military families) — \$25 gift cards if they moved their prescriptions over to Walgreens' pharmacies, according to a Justice Department news release. Such inducements violate federal law.

The drugstore chain's advertisements typically noted that such offers didn't apply to those insured via Medicaid, Medicare and similar programs. But the government claimed "Walgreens employees frequently ignored the stated exemptions on the face of the coupons and handed gift cards to customers who were beneficiaries of government health programs."

The government learned of the allegations in lawsuits filed by two whistle-blowers:

Federal prosecutors from California and Michigan, the U.S. Justice Department's commercial litigation branch, the National Association of Medicaid Fraud Control Units and the U.S. Health and Human Service Department's inspector general participated in the joint investigation.

- **The U.S. Food and Drug Administration (FDA) released the agency's "[Global Engagement Report](#)," detailing the many activities and strategies FDA is using to transform from a domestic to a global public health agency.**

The report describes the steps the agency is taking to ensure that imported food, drugs, medical devices, and other regulated products meet the same rigorous standards for safety and quality as those manufactured domestically.

Global production of FDA-regulated goods and materials has exploded over the last decade and continues to grow. FDA-regulated products originate from more than 150 countries, 130,000 importers, and 300,000 foreign facilities. Each year from 2005-2011, food imports have grown by an average of 10 percent, while imports of pharmaceutical products have increased at nearly 13 percent and device imports have grown more than 10 percent. Approximately 50 percent of fresh fruits and 20 percent of fresh vegetables, as well as 80 percent of the seafood consumed in America come from abroad. Similarly, more than 80 percent of the active pharmaceutical ingredients used to make medicines are imported.

The report outlines a variety of strategies the FDA is using in partnership with other agencies, organizations and coalitions around the world to strengthen global, regulatory capacity-building efforts; develop and harmonizes science-based regulatory standards; increase awareness about the importance of regulatory systems; and share information and data globally to facilitate rapid identification of and response to public health emergencies.

Through its international offices in Africa, Asia, Europe, Latin America and the Middle East, the FDA is increasing its knowledge base about local regulatory systems and landscapes. The agency is also increasing the understanding of foreign governments and industry of FDA regulations and standards for products destined for U.S. consumers, and collaborating to strengthen regulatory science and evidenced-based approaches to product safety and quality.

All of this furthers the FDA's implementation of its global strategy, set forth in the agency's special report, [Pathway to Global Product Safety and Quality](#), released last year.

## . GUARD/RESERVE

- As of April 17, 2012, the total number of Guard and Reserve currently on active duty has **decreased** by 628 to 71,353. The totals for each service are Army National Guard and Army Reserve 51,056; Navy Reserve, 4,586; Air National Guard and Air Force Reserve, 10,146; Marine Corps Reserve, 4,731, and the Coast Guard Reserve, 834. [www.defenselink.mil](http://www.defenselink.mil)

## REPORTS/POLICIES

- **The GAO published "[Medicare: Important Steps Have Been Taken, but More Could Be Done to Deter Fraud](#)," (GAO-12-671T) on April 24, 2012.** This study focuses on

the progress made and steps that remain to be taken by CMS to implement recent legislation and GAO's past recommendations to prevent or reduce fraud in Medicare. <http://www.gao.gov/products/GAO-12-671T>

- **The GAO published “Medicare Program Integrity: CMS Continues Efforts to Strengthen the Screening of Providers and Suppliers,” (GAO-12-351) on April 23, 2012.** In this report, GAO describes how CMS and its contractors use provider and supplier enrollment information to prevent improper payments and factors that may affect the usefulness of this information; and the extent to which CMS has implemented new provider and supplier enrollment screening procedures since the enactment of PPACA. <http://www.gao.gov/products/GAO-12-351>
  
- **The GAO published “Medicare Advantage: Quality Bonus Payment Demonstration Undermined by High Estimated Costs and Design Shortcomings,” (GAO-12-409R) on April 23, 2012.** The study examines cost estimates that have been developed for the demonstration; the extent to which the demonstration conforms to the principles of budget neutrality; how the demonstration compares in budgetary impact, size, and scope with other Medicare demonstrations; and the extent to which the design of the demonstration will allow CMS to achieve its stated research goal. <http://www.gao.gov/products/GAO-12-409R>
  
- **The GAO published “Private Health Insurance: Estimates of Individuals with Pre-Existing Conditions Range from 36 Million to 122 Million,” GAO-12-439, on April 26, 2012.** In this report, GAO examined the most common medical conditions that would cause an insurance company to restrict or deny insurance coverage for adults and the average annual costs associated with these conditions; estimates of the number of adults with pre-existing conditions; and the geographic and demographic profile of adults with pre-existing conditions. <http://www.gao.gov/products/GAO-12-439>

## HILL HEARINGS

- The House Veterans Affairs Committee will hold a hearing on **May 8, 2012**, to examine VA Mental Health Care Staffing: Ensuring Quality and Quantity.

## LEGISLATION

- **H.R.4604** (introduced April 24, 2012): To amend the Public Health Service Act to provide for a national program to conduct and support activities toward the goal of significantly reducing the number of cases of overweight and obesity among individuals in the United States was referred to the House Committee on Energy and Commerce.  
Sponsor: Representative Eleanor Holms Norton [DC]
  
- **H.R.4481** (introduced April 24, 2012): To amend title 38, United States Code, to direct the Secretary of Veterans Affairs to ensure that Department of Veterans Affairs'

employees who violate certain civil laws do not receive bonuses was referred to the House Committee on Veterans' Affairs.  
Sponsor: Representative David P. Roe [TN-1]

## MEETINGS

- The Conference on Vaccine Research will be held on **May 7–9, 2012**, in Baltimore, Md. <http://immunize.us1.list-manage2.com/track/click?u=69948816469e0f4801f8647ee&id=20e0c08ef8&e=8a0b0385de>
- The Weight of the Nation, Moving Forward, Reversing the Trend Conference will be held on **May 7-9, 2012**, in Washington DC <http://www.cdc.gov/won/>
- 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)
- The 28th Annual Meeting of the International Society for Traumatic Stress Studies (ISTSS) will be held **Nov.1-3, 2012**, in Los Angeles, Calif. <http://www.istss.org/Home.htm>

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