

CQ Transcript June 30, 2008

PROMO

MEDICARE: Congress adjourns for the July 4 recess without passing legislation that would stop a scheduled pay cut in Medicare physician payment rates scheduled to go into effect July 1.

HHS: Senate panel passes measure to fund the Department of Health and Human Services (HHS) and other agencies but action on House version of bill stalls.

HEALTH IT: House committee approves measure to encourage widespread use of health information technology.

INTRO

Before leaving town for the July 4 recess, Congress failed to pass legislation that would prevent a scheduled 10.1 percent reduction in Medicare physician payments. While the Senate Appropriations Committee approved a fiscal 2009 spending bill to fund several departments, including the Department of Health and Human Services, action on the House version of that spending measure got sidetracked due to an unrelated dispute over domestic oil production.

MEDICARE

Question 1: With the July 1 deadline approaching, House and Senate lawmakers voted on legislation to stop a scheduled 10.6 percent cut in Medicare physician payments. Can you tell us what happened?

Answer: It was an amazing week. Frustrated with what they felt was Senate Democrats' lack of action on the issue, House Democrats moved their own bill to stop the scheduled cut and it passed overwhelmingly by a vote of 355-59, far more than the support needed to override a promised veto from President Bush. That vote also changed the dynamic in the Senate, with expectations that the broad margin of House passage would put pressure on Senate Republicans who did not support the House Medicare bill to do so.

In the Senate, Finance Committee Chairman Max Baucus, D-Mont., and the panel's ranking Republican, Charles E. Grassley of Iowa, continued negotiations on a bill they hoped to offer, but ultimately the Senate voted instead on the House version. Senate Democrats, however, failed to get the 60 votes that would have allowed the bill to pass, falling short by just one vote. Senate Republicans then tried to move legislation that would have extended current Medicare physician payment rates for 30 days, reiterating that the White House had threatened to veto the House bill, but Senate Majority Leader

Harry Reid, D-Nev., objected, saying the chamber's focus should be on passing legislation that would provide a longer solution.

Many Republicans and the White House objected to provisions in the House bill that they say would inappropriately reduce payments to Medicare Advantage plans and create hurdles to the plans' ability to function in rural areas. But Democrats contend that the plans are overpaid and that reducing those reimbursements is the best way to stop the physician payment cuts and make other improvements to Medicare. Reid has promised to bring the bill back again to the Senate floor after the July Fourth recess.

Question 2: What was the reaction?

Answer: As you can imagine, physician groups are not happy. In a statement, the American Medical Association said physicians were "outraged" that some Senate Republicans voted against the measure. The AMA and other physician groups also said that if the pay cut goes through, it could hurt seniors' access to medical care because physicians won't be able to sustain such a large reduction in their Medicare payment rates.

Question 3: What happens next?

Answer: I suspect that Senate Republicans who voted against the bill will get pressure from their constituents back home – in particular Medicare beneficiaries and the physicians who treat them – to take swift action once Congress is back in session to reverse any pay cuts in Medicare physician rates. At that point, Congress could pass legislation to retroactively restore any cuts that were made. In a statement Friday, Department of Health and Human Services Secretary Michael Leavitt said HHS would "take all steps available...under the law" to minimize the impact on providers and beneficiaries.

HHS

Question 4: Both the House and Senate have been considering fiscal 2009 spending measures to fund the Department of Health and Human Services, or HHS, and other federal agencies. What's the state of play there?

Answer: The Senate Appropriations passed the measure, which is the largest domestic spending bill, before leaving town for the July 4 break. Health provisions of the Senate bill include about \$30 billion for the National Institutes of Health (NIH), \$2.2 billion for Community Health Centers, and more than \$6.5 billion for the Centers for Disease Control and Prevention, or CDC.

Question 5: Will the Bush Administration support the bill?

Answer: Doubtful, for two main reasons. The bill's discretionary budget is \$7.7 billion more than President Bush requested and he has said he will veto any spending bill that exceeds his budget request. Another element of the bill will also draw the ire of the president is language that would nullify a directive the administration issued last August laying out parameters that states must meet before they could expand their State Children Health Insurance Program (SCHIP) to enroll children from families earning more than 250 percent of the federal poverty level.

Question 6: What's happening in the House with this bill?

Answer: The House Appropriations Committee was supposed to consider the measure, but a disagreement broke out on the panel over consideration of another spending bill. The panel's ranking Republican, Jerry Lewis of California, wanted the panel chairman, David Obey of Wisconsin, to promise to have the committee consider the Interior appropriations bill when House returned from the July 4th break.

When Obey would not agree, Lewis offered an amendment that would have stripped out the text of the Labor – HHS – Education bill and replaced it with the Interior measure. Panel Democrats adjourned rather than considering the Interior measure or the amendments Republicans were planning to offer to the bill dealing with expanding domestic oil production. Maybe the committee will revisit the measure after the July 4th recess but at this point that's unclear. Health groups with funding covered by the Labor-HHS bill were disappointed that the panel did not approve the measure.

HEALTH IT

Question 7: A House panel has approved legislation dealing with health care information technology, or "health IT." Could you tell us about that?

Answer: The House Energy and Commerce Health Subcommittee adopted the measure by voice vote, although some Republicans said they hoped to make some changes to the bill's privacy language before the full committee passed it. Among its provisions, the bill would authorize \$575 million over five years for grants and loans – in particular small physician practices and rural providers – to help them purchase health IT systems. The measure would also call for adoption of standards to allow providers across the country to exchange health information about their patients, and it would strengthen current federal privacy protections and expand them to new entities that store electronic health information.

Question 8: You mentioned some concerns about the privacy provisions in the bill. What are those?

Answer: Some Republicans on the panel expressed concern that the provisions might be too stringent. For example, Rep. Michael Burgess, R-Tex., a physician, questioned if the

bill would lead to significant changes in the way that health providers operate. Privacy issues remain a concern in health IT bills pending in both the House and Senate, with lawmakers trying to strike the delicate balance between giving patients complete control over their records while giving providers flexibility as well. It's a complicated issue.

Question 9: Before we end, I'd like to touch base on two other pieces of legislation that were pending before the break. Can you update us on the status of the supplemental spending bill and its provisions governing Medicaid?

Answer: Sure. As part of the final legislative push before the recess, the Senate cleared the war supplemental measure, sending it to President Bush's desk. While the bill includes funding for the ongoing wars in Iraq and Afghanistan, it also includes additional spending for domestic programs, including Midwest flood relief and money to rebuild levees destroyed by Hurricane Katrina. A key health care provision in the bill would delay six Medicaid regulations proposed by the administration that seek to shift some costs to the states. The president is expected to sign the bill.

Question 10: Can you tell us what happened to the pending global AIDS bill?

Answer: A group of Senate Republicans blocked passage of the five-year, \$50 billion authorization to treat AIDS and other diseases overseas. Senate Majority Leader Harry Reid, D-Nev., tried to adopt a substitute amendment that addressed the concerns of many Republicans who had held up action on the bill since March, but Sen. Jeff Sessions, R-Ala., objected. Reid said he would try to move the bill once Congress returns.