



## House Set to Scale Back BCA Sequestration & Mark-Up DOD, VA Appropriations

### *Budget on Parade in House*

After returning from a week-long recess, on Monday the House Budget Committee is scheduled to vote on legislation designed to repeal and replace the automatic spending cuts the BCA mandates for this January as directed under the House-passed budget resolution. One measure, H.R. 4966, would prevent \$98 billion of the \$109 billion in across-the-board cuts scheduled for FY 2013 defense and non-defense spending accounts. A second measure, the Sequester Replacement Reconciliation Act of 2012, would replace the automatic cuts in part with \$261 billion in reductions by, among other things:

- ◆ repealing the PPACA Prevention and Public Health Fund;
- ◆ eliminating grants to states for establishing health insurance exchanges;
- ◆ canceling funding for consumer-governed health insurance plans, CO-OPs;
- ◆ eliminating scheduled bonuses to hospitals that serve low-income patients;
- ◆ repealing the PPACA mandated maintenance-of-effort requirements for Medicaid and SCHIP eligibility;
- ◆ repealing the increase in the Medicaid matching rate for U.S. territories from 55% to 50%;
- ◆ reducing the state provider tax threshold from 6% to 5.5%;

eliminating performance bonus payments to states that increase their enrollment of children in Medicaid; and

- ◆ placing restrictions on state medical malpractice cases along the lines of H.R. 5 as previously passed by the House.

Both measures are expected to be sent to the House floor for a vote on Tuesday or Wednesday. The House is also expected to take up the Commerce/Justice/Science appropriations bill, H.R. 5326. The House Appropriations Committee is also set to mark up the Defense and Military Construction/VA appropriations bills.

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## Republicans Charge that PPACA Will Reduce Employer Coverage

The House Ways and Means Committee released a report finding that, of the 71 Fortune 100 companies surveyed, the firms could save \$28.6 billion in 2014 by eliminating coverage

for their 5.9 million employees. The savings would amount to about \$4,821 per employee, despite the \$2,000 penalty that employers would pay to eliminate their group health plans. Democrats responded

that the survey did not indicate that the companies would actually drop their employment-based health plans.

## Physician Payments Sunshine Act Delayed

CMS announced that it will delay the implementation of the Physician Payments Sunshine Act and begin collecting data in 2013. A final rule is expected to be promulgated later this year, despite a request from **Senators Kohl and Grassley** that the rule be issued before June.

## PPACA Community Health Center Grants

HHS announced that \$629 million in PPACA grants have been made to 171 existing community health centers to expand their facilities, improve existing services and serve more patients. Another \$99.3 million was made to allow 227 centers to address pressing facility and equipment needs. The grants complete the \$1.5 billion made available under the PPACA for construction projects at existing facilities.

## PCIP Incentive Payments End

CMS announced that it is suspending the incentive payments to insurance agents and brokers who have helped direct individuals to enroll in the temporary high-risk insurance pools established under the PPACA Pre-Existing Condition Insurance Plan. To date the costs for PCIP participants are about 2.5 times higher than expected.

## Part D Donut Hole Savings

CMS released information showing that Part D drug plan beneficiaries spent \$3.4 billion less on prescription drugs since March 2010 because of the PPACA's partial closing of the so-called "donut hole." The law is scheduled to fully close the spending gap by 2020.

## Medicare Fraud Reduction Efforts

Six Senate Finance Committee members--**Baucus, Wyden, Carper, Hatch, Coburn and Grassley**--sent a letter to “all interested stakeholders in the health care community” asking for ideas related to Medicare program and

payment integrity reform and fraud and abuse enforcement. The Finance Committee is expected to release a document later this year summarizing the various anti-fraud ideas and best practices supplied. In related news, HHS and the Justice Department announced

the filing of charges against 107 individuals across the country for allegedly participating in Medicare fraud schemes totaling \$452 million in false billing. The agencies Medicare Fraud Strike Force targeted fraud in seven cities.

## CMS/FDA Agree on TAVR Coverage

CMS and the FDA issued a decision using a joint agency “coverage with evidence of development”

procedure that will provide for Medicare coverage of transcatheter aortic valve replacement (TAVR) under certain conditions for

beneficiaries with damaged aortic heart valves.

## New Uses for Failed Drugs

NIH Director Francis Collins announced that the NIH National Center for Advancing Translational Sciences has obtained agreement with three drug companies under which the companies will make available dozens of compounds for NIH-funded testing. Under the agreement, the companies will let NIH commission studies on drugs which proved ineffective for prior uses, but for which new uses might be discovered.

**HHS Secretary Kathleen Sebelius** said that ‘Americans are eagerly awaiting the next generation of cures and treatments to help them live longer and healthier lives. To accelerate our nation’s therapeutic development process, it is essential that we forge strong, innovative, and strategic partnerships across government, academia and industry....’

## IOM Report on Drug Safety

The Institute of Medicine issued a report which is designed to give the FDA guidance on how to require that drug manufacturers conduct additional post-approval safety trials or alter their labels to account for new data, rather than relying on voluntary action from the companies. The reports said the FDA should take a “life cycle” approach to drug safety oversight, conducting safety trials both before and after a drug is approved. The report recommends

that the FDA: maintain a single, comprehensive and publicly available record on safety concerns and regulatory alerts for each drug; require post-approval research on drugs whose benefits or risks are particularly uncertain; keep and annually update a list of criteria that are allowed for use in approving new drugs; and revisit safety recommendations that are controversial or particularly difficult.

**S. 2375 (APPROPRIATIONS)**, making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending Sept. 30, 2013, and for other purposes; KOHL; from the Committee on Appropriations; placed on the calendar, April 26.

**S. 2376 (AIR AMBULANCES)**, to recognize and clarify the authority of the states to regulate air ambulance medical standards pursuant to their authority over the regulation of health care services within their borders, and for other purposes; SNOWE; to the Committee on Commerce, Science, and Transportation, April 26.

**S. 2389 (INDIAN HEALTH SERVICE)**, to deem the submission of certain claims to an Indian Health Service contracting officer as timely; BEGICH; to the Committee on Indian Affairs, April 26.

**S. 2474 (MINORITY HEALTH)**, to improve the health of minority individuals, and for other purposes; AKAKA; to the Committee on Health, Education, Labor, and Pensions, April 26.

**H.R. 4818 (HEALTH CARE COVERAGE)**, to amend the Employee Retirement Income Security Act of 1974 to ensure health care coverage value and transparency for dental benefits under group health plans; GOSAR; to the Committee on Education and the Workforce, April 26.

**H.R. 4825 (FEDERAL BUDGET)**, to amend the Congressional Budget Act of 1974 to establish a point of order to prohibit the extension of the statutory debt limit unless a

concurrent resolution on the budget has been agreed to and is in effect, Federal spending is cut and capped, and a balanced budget amendment to the constitution has been sent to the States for ratification, and for other purposes; SULLIVAN; jointly, to the committees on Rules and the Budget, April 26.

**H.R. 4869 (MILITARY/ VETERANS' HEALTH)**, to direct the secretary of defense and the secretary of veterans affairs to jointly conduct a study on the incidence of breast cancer among members of the armed forces and veterans; BOSWELL; jointly, to the committees on Armed Services and Veterans' Affairs, April 26.

**H.R. 4971 (HEALTH CARE COVERAGE)**, to amend Title I of the Patient Protection and Affordable Care Act to ensure that the coverage offered under multistate qualified health plans offered in exchanges is consistent with the federal abortion funding ban; AKIN; to the Committee on Energy and Commerce, April 27.

**H.R. 4972 (DRUG LABELING)**, to amend the Federal Food, Drug, and Cosmetic Act to require the label of drugs intended for human use to contain a parenthetical statement identifying the source of any ingredient constituting or derived from a grain or starch-containing ingredient; RYAN of Ohio; to the Committee on Energy and Commerce, April 27.

**H.R. 4978 (MILITARY HEALTH)**, to amend the Federal Food, Drug, and Cosmetic Act to require the label of drugs intended for human use to contain a parenthetical statement identifying

the source of any ingredient constituting or derived from a grain or starch-containing ingredient; BACA; to the Committee on Energy and Commerce, April 27.

**H.R. 5194 (MEDICARE/ PUBLIC HEALTH)**, to amend Title XVIII of the Social Security Act to protect and preserve access of Medicare beneficiaries in rural areas to health care providers under Medicare, to amend Title III of the Public Health Service Act to extend discounts under the 340B program, and for other purposes; MCMORRIS RODGERS; jointly, to the committees on Energy and Commerce and Ways and Means, April 27.

**H.R. 5284 (MEDICARE)**, to amend Section 1862 of the Social Security Act with respect to the application of Medicare secondary payer rules to workers' compensation settlement agreements and Medicare set-asides under such agreements; REICHERT; jointly, to the committees on Ways and Means and Energy and Commerce, April 27.

**H. RES. 640 (MENTAL HEALTH)**, expressing support for designation of May 2012 as Mental Health Month; NAPOLITANO; to the Committee on Energy and Commerce, April 27.

**H. RES. 642 (PARKINSON'S DISEASE)**, expressing support for designating April as Parkinson's Awareness Month; PEARCE; to the Committee on Energy and Commerce, April 27.