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Public Policy Council Legislative Report

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BUDGET AND APPROPRIATIONS

FY 2011 Budget

President Obama released his administration's proposed budget to Congress on February 1, 2010. In general, the President's budget calls for level funding with a few exceptions.

During his State of the Union speech, President Obama called for a three-year freeze in discretionary spending for most agencies, excluding defense, homeland security, veterans, and the State Department. However, the budget proposal reflects the administration's continued focus on health care as a priority. The Department of Health and Human Services (HHS) discretionary budget would increase by \$1.7 billion to \$81.3 billion in fiscal year 2011. Of special note, the budget proposes:

- \$32.3 billion for the **National Institutes of Health**, an increase of \$1 billion.
- \$194.4 million for the **National Children's Study**, up from \$193.8 million.
- \$20 million for a new CDC initiative to reduce the rates of morbidity and disability due to **chronic disease** in up to ten of the largest U.S. cities.
- \$10 million at CDC for a new **Health Prevention Corps**, which will recruit, train, and assign a cadre of public health professionals in State and local health departments, targeting disciplines with known shortages, such as epidemiology, environmental health, and laboratory science.
- An increase of \$10 billion in federal **child nutrition programs** to expand service to more children and improve the quality of food served in schools.
- Level funding of \$317.5 million for **Children's Hospitals Graduate Medical Education**.
- \$168 million for **National Health Service Corps**, up from \$142 million.
- Level funding for virtually all **Title VII health professions** programs, with the exception of an increase to \$8 million for workforce information and analysis.
- \$162 million for **CDC's Health Statistics**, an increase of \$23 million, to support electronic

birth and death records in States and enhance national surveys.

- Modest increases in other programs, including the Title V Maternal and Child Health Block Grant; Child Care and Development Block Grant; and, Head Start and Healthy Start.

The presentation of the administration's budget represents the beginning of the annual budget and appropriations process. Congressional committees have begun to embark upon hearings in their areas of jurisdiction.

FY 2010 Summary

By the end of calendar year 2009, all appropriations bills had been passed and signed into law. Most passed as stand-alone legislation; however, in December, the remaining five bills were packaged into a modest omnibus bill and passed en masse. This final package, H.R. 3288, was signed into law by President Obama on December 16, 2009 as Public Law 111-117. The annual Labor, Health and Human Services, and Education Departments spending bill was included in that final package. In general, most accounts were funded level with the previous year or with small increases.

American Recovery and Reinvestment Act (ARRA) Update

In February 2009, Congress passed and the President signed into law the American Recovery and Reinvestment Act (ARRA), a package of over \$787 billion in spending meant to stimulate the economy toward recovery. Health-related provisions in ARRA included the following:

- \$10.4 billion for the **NIH**.
- \$87 billion for state **Medicaid** programs, increasing the Federal Medical Assistance Percentage (FMAP) by 6.2%.
- \$19 billion to incentivize the adoption of **electronic health records**.
- \$1 billion in funding for **wellness and prevention programs**, including \$300 million for the section **317 immunization** program; \$50 million for state health-associated infections reduction strategies;

and \$650 million for evidence-based clinical and community-based prevention and wellness strategies.

- \$1.1 billion for **comparative effectiveness** research.
- \$500 million to primary health care provider training and **National Health Service Corps**.

HEALTH REFORM

Health reform has been the focus of both the House and the Senate since mid-2009. Committees of both the House and the Senate worked most of the summer and fall to complete work on their respective versions of health care reform legislation.

In October, the House of Representatives released its health reform bill, the *Affordable Health Care for America Act* (H.R. 3962). Some highlights of particular note to pediatrics and academic medicine from H.R. 3962 are as follows:

- An increase in **Medicaid payment** rates for primary care services to 100 percent of Medicare over three years, paid for with new federal funding. This will help both subspecialty and primary care pediatric physicians, as Evaluation and Management codes are used by all pediatricians.
- Appropriation of \$1.235 billion over five years for a Medicaid **medical home** demonstration project.
- Significant new investments in the **primary care workforce**.
- Automatic **Medicaid coverage for all children born in the United States** for up to 60 days after birth.
- Extension of **Medicaid stimulus** funds for states for an additional six months to better coincide with the start of state legislative sessions.
- Expansion of **Medicaid eligibility** to United States citizens at or below 150 percent of the federal poverty level (FPL). This helps children between 133 percent and 150 percent FPL who would otherwise have lost Medicaid coverage.
- Extension of parents/guardians' insurance to cover **dependents up to 27 years of age**.

- A **public health insurance option** with negotiated payment rates, which are on average 20 percent higher than Medicare rates.
- The sunset, or ending, of the **Children's Health Insurance Program** (CHIP) on December 31, 2013.
- Repeal of the **anti-trust exemption** for insurance companies.

On November 7, 2009 the House of Representatives passed H.R. 3962 by a vote of **220-215**.

On November 18, 2009 the United States Senate released its combined health reform bill, *The Patient Protection and Affordable Care Act*. The official Congressional Budget Office's score of the bill estimated a cost \$848 billion over ten years, extension of coverage to 31 million more individuals (leaving 94% of Americans insured) and reduction of the federal deficit by \$130 billion over the next decade and further reduction the deficit by \$650 billion from 2019-2029.

Some key provisions of the bill of importance to pediatrics and academic medicine are:

- Creation of a **healthcare innovation zone** (HIZ) containing a teaching hospital, physicians, and other clinical entities that would provide a full spectrum of health care and could provide for the incorporation of new and innovative clinical initiatives for training the next generation of health care providers.
- Prevention services (**Bright Futures**) are not only included in the bill, but would be a required health benefit in all group and individual health insurance, including those plans in the proposed health insurance exchange. Thus, *Bright Futures* services would be a no co-pay benefit in all state-regulated group health insurance plans.
- **Dependents** could be covered by their parents' health insurance plans up to the **age of 26**.
- Children are required to have health care coverage in order for their parents to be eligible for **Medicaid** when Medicaid is opened to non-pregnant parents in 2014.

- **Subspecialty workforce** provisions are included in the bill, which dedicate funding for loan forgiveness for individuals entering into pediatric subspecialty fields.
- The **essential benefits package** in the health insurance exchange includes rehabilitative, habilitative, mental and behavioral health services, as well as “pediatric services,” which includes oral health and vision services specifically.

On December 24, 2009, after weeks of negotiations, the Senate passed the Patient Protection and Affordable Care Act by a vote of **60-39**.

The House and Senate reconvened in January 2010 and continued working on the health reform legislation conference strategy. The White House has urged Congressional leadership to complete work on the merged health reform bill as soon as possible. Timing is still unclear on how long this process could take, particularly with a new legislative focus on jobs and the economy. However, the State of the Union address marked a renewed commitment by the Obama Administration to pass health reform legislation.

PEDIATRIC RESEARCH

National Institutes of Health (NIH) Leadership

The Public Policy Council, along with the American Academy of Pediatrics and the Ad Hoc Group for Medical Research, supported President Obama’s nomination and the Senate’s confirmation of Francis S. Collins, MD, PhD, to be the new director of the National Institutes of Health (NIH). The Public Policy Council sent a letter to congratulate Dr. Collins.

The National Institute of Child Health and Human Development (NICHD) had some leadership changes in 2009. In October, Duane Alexander, MD, director of NICHD took a new position as the senior scientific advisor to the director of the NIH’s Fogarty International Center. Alan Guttmacher, M.D., assumed the duties of NICHD acting director.

Dr. Guttmacher was the acting director of the National Human Genome Research Institute (NHGRI) since August 2008 and its deputy director since 2002.

The search for a permanent director for NICHD is underway. A search committee has been formed, which includes Public Policy Council member Elena Fuentes-Afflick, MD. The search committee is in the process of planning meetings and identifying qualified candidates. The Public Policy Council and pediatric community will stay involved throughout the transition process.

NIH Appropriations

The president’s FY 2011 budget requested \$2 billion for the National Institutes of Health (NIH), an increase of \$1 billion over the previous fiscal year. The National Institute of Child Health and Human Development are slated for a \$40 million increase, to \$1.369 billion. A modest increase was requested for the National Children’s Study, from \$193.8 million to \$194.4 million.

NIH Economic Stimulus

The Public Policy Council, working together with the Ad Hoc Group on Medical Research Funding, an umbrella coalition with over 300 organizations, supported additional funding in the stimulus package for the NIH. Collective advocacy efforts resulted in \$10.4 billion for the NIH to be available until September 30, 2010.

National Children’s Study (NCS)

Appropriations

President Obama’s FY 2011 budget proposed \$194.4 million for the National Children’s Study, up from \$193.8 million.

The Public Policy Council, in collaboration with the American Academy of Pediatrics, March of Dimes and others, supported the next installment in funding for FY 2010 - \$194.4 million. Over 50 organizations signed onto a letter supporting funding the NCS at that level. The President’s

budget requested \$194.4 million for the NCS in FY 2010. Although the House approved \$194.4 million, the Senate did not specify a funding amount for FY 2010. The Senate language expressed strong concerns about the overall cost of the study and requested additional information in costs in the coming year. The final omnibus appropriations bill for FY 2010 provides the National Children's Study \$193.8 million.

Leadership

In August 2009, Steven Hirschfeld, MD, PhD, NICHD's associate director for clinical research, was appointed acting director of the National Children's Study. Dr. Hirschfeld is board certified in general pediatrics and pediatric hematology-oncology. He worked at the National Cancer Institute as a clinical investigator and then at the Food and Drug Administration (FDA) in the Center for Drug Evaluation and Research and the Center for Biologics Evaluation and Research.

Pediatric Research Consortia Establishment Act (S. 353/ H.R. 758):

Senators Sherrod Brown (D-OH) and Kit Bond (R-MO) reintroduced S. 353, to amend Title IV of the Public Health Service Act to establish the National Pediatric Research Consortia. The Public Policy Council, as well as the members of the Federation of Pediatric Organizations all provided their collective support to this important legislative effort in the 110th Congress and will continue to do so. In addition to Senators Brown and Bond, the bill is cosponsored by Senators Mark Begich (D-AK), Jeff Sessions (R-AL), and Sheldon Whitehouse (D-RI.) The House companion bill, H.R. 758 was introduced by Rep. Dianna DeGette (D-CO) and has 33 co-sponsors.

The *Pediatric Research Consortia Establishment Act* authorizes up to 20 National Pediatric Research Consortia at institutions throughout the country. The consortia will conduct both basic and translational research. Each consortium will partner with satellite facilities. The peer reviewed awards will be made for five years with each

consortium receiving initially no more than \$2.5 million per year and renewable for another five years contingent on evaluations by a peer review panel.

Agency for Healthcare Research and Quality (AHRQ) Appropriations

The President's FY 2011 budget proposes \$611 million in funding for AHRQ, an increase of \$214 million over the current FY 2010 level. The FY 2010 Consolidated Appropriations Act passed by the House and Senate, approved \$397 million for AHRQ. The pediatric advocacy community will continue working with the Friends of AHRQ to support this funding increase to preserve AHRQ's current and new initiatives.

Although there was some interest expressed by the Senate Health, Education, Labor and Pensions Committee (HELP) on the reauthorization of AHRQ, no action was taken but renewed interest is anticipated in the 111th Congress.

PEDIATRIC WORKFORCE/GRADUATE MEDICAL EDUCATION

GME Financing for Children's Hospitals (CHGME), Title VII Health Professions Program and Title VIII Nursing Professions Program

Appropriations

President Obama's FY 2011 budget outline proposes \$318 million in funding for CHGME. The Public Policy Council and the American Academy of Pediatrics continued its collaboration with the National Association of Children's Hospitals (NACH) last year to urge the House and Senate Appropriations committees to include funding for the CHGME at the authorized level of \$330 million in FY 2010. The House and Senate both passed the FY 2010 Consolidated Appropriations Act which approved \$317 million for CHGME.

The President's FY 2011 budget released on February 1, 2010, proposes \$503.9 million for Titles VII and VIII funding. This is a 1.2% increase over

the FY 2010 enacted funding. The Public Policy Council continues to work closely with the Health Professions and Nursing Education Coalition (HPNEC), led by the AAMC, to urge Congress to increase funding for the Title VII and Title VIII programs. The coalition requested \$550 million for both Titles VII and VIII for FY 2010.

The final FY 2010 Omnibus conference agreement passed by the House and Senate, included \$498 million for the Title VII and Title VIII Health Professions Programs, a 26.7% increase of \$105 million over the FY 2009 omnibus, but \$30 million below the President's request. This includes \$254 million for Title VII and \$244 million for Title VIII.

Titles VII and VIII will receive an increase in funding through the economic stimulus package to be used in the next two years of \$200 million. According to the conference agreement the funds are "allocated for all the disciplines trained through the primary care medicine and dentistry program, the public health and preventive medicine program, the scholarship and loan repayment programs authorized in Title VII (Health Professions) and Title VIII (Nurse Training) of the PHS Act, and grants to training programs for equipment. Funds may also be used to foster cross-State licensing agreements for healthcare specialists." An additional \$300

million is also provided for the National Health Service Corps.

Pediatric Work Force in Health Care Reform

As a part of the overall health care reform effort, the Public Policy Council along with the American Academy of Pediatrics has been aggressively engaged in advancing pediatric primary care and subspecialty workforce issues in the debate.

As a result of a concerted lobbying campaign with relevant committees and offices, the Senate Committee on Health, Education, Labor and Pensions (HELP) included in its draft health care reform legislation a significant section dedicated specifically to pediatric subspecialty workforce improvements. The Public Policy Council sent a letter to the House requesting support for workforce provisions in conference in conjunction with AAP, AMSPDC, and a coalition of subspecialty advocates.

The Public Policy Council will continue its ongoing efforts to educate Capitol Hill about pediatric subspecialty workforce issues in the coming weeks and months, working closely with many allied groups and seeking to ensure that we pursue a coordinated, consistent strategy.

PUBLIC POLICY COUNCIL MEMBERS

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