

## THIS WEEK IN WASHINGTON - SEPTEMBER 14, 2012

### WHITE HOUSE SET TO RELEASE SEQUESTRATION REPORT

On September 14, the White House was set to release a report detailing how funding for federal programs would be cut were sequestration to go forward on January 2, 2013. However, as of press time, it had not been released. The report was statutorily required under the [Sequestration Transparency Act](#), which Congress passed in August. The report presents the first indication of which federal health programs will be preserved and which will be slashed.

Under the Budget Control Act of 2011, \$1.2 trillion in mandatory federal cuts will go into effect in 2013. Over the past month, health groups have been lobbying the administration over the implications of cuts to federal health programs and medical research. Medicare and Medicaid beneficiary benefits are exempt from the sequestration process. Congress returned this week, offering a number of proposals intended to mitigate the potential sequester.

### CMS OFFICIAL OFFERS HINTS ON DSH

On the September 13 monthly conference call, CMS Medicaid Director Cindy Mann affirmed that CMS is in the process of drafting a proposed rule around the allocation of Disproportionate Share Hospital ("DSH") payments. According to Inside Health Policy, Mann indicated the rule would focus on whether CMS would consider a state's decision on expansion when determining reductions to the DSH payments. Mann gave no indication of where CMS would come down on the issue.

### STOPGAP SPENDING BILL PASSES HOUSE

With September 30, 2012 marking the end of fiscal year 2012, the House voted to fund the government for six months on Thursday. The spending resolution (H.J. Res 117) would continue existing funding levels for health agencies and programs through March 2013. The bill's \$1.047 trillion annual rate represents an increase of about \$8 billion over current spending levels. The Senate is expected to pass the measure next week.

Republicans presumably accepted the slight spending increase to avoid debate on the issue later this fall when larger spending measures will be on the table. Pressing health-related topics include sequestration relief, potential debt ceiling increase and Medicare provider payment cuts.

### CONGRESSIONAL COMMITTEES MEET ON HEALTH CARE IMPLEMENTATION, SECONDARY PAYER LEGISLATION

Congressional committees met this week, pressing the Administration for updates on health care reform implementation. The House Ways and Means Committee examined the role of the IRS enforcing provisions of the Affordable Care Act ("ACA"). The hearing included testimony from a former IRS commissioner, who maintained the ACA presents significant administrative and compliance challenges. The Senate Finance Committee heard from HHS officials regarding the ACA's requirement of implementing a reporting system to disclose doctor-business relationships to the public. Additionally, the House Small Business Committee examined the status of Medicare's medical equipment competitive bidding program.

The House Energy and Commerce Subcommittee passed legislation that would streamline Medicare secondary payer procedures (H.R. 1063) and ease sanctions on lab proficiency tests (H.R. 6118). The next step for the bills will be full committee consideration.

### BILLS INTRODUCED THIS WEEK

**H.R. 6400:** Rep. Jim McDermott (D-WA) introduced a bill intended to boost the primary care workforce by establishing a federal and state-funded scholarship program that would cover the cost of medical school for students. To receive tuition and a cost-of-living stipend, students would be required to practice in a medically underserved area in that state or region for at least five years. The bill would appropriate an initial \$200 million a year for four years of the program, which would be used to cover 90% of the costs. States would have to chip in the remaining 10%.

**H.R. 6392:** Rep. Tammy Baldwin (D-WI) introduced a bill that would amend part D of Title XVIII of the Social Security Act to permit the Secretary of HHS to negotiate covered part D drug prices. The bill is unlikely to advance in the House this Congress.

## **NEXT WEEK IN CONGRESS**

The House and Senate return on September 19 following Rosh Hashana. The Senate will consider the House-passed spending resolution (H.J. Res 117), as well as a job training bill for veterans. The House is expected to continue work on the annual health appropriations spending bills, as well as deal with today's White House sequestration report.

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