

FY 2010 Budget Includes Health Reform Funds

BY MARY ELLEN SCHNEIDER

The Obama administration plans to finance a portion of its ambitious health care reform plan through changes to the Medicare and Medicaid programs, including the bundling of payments for inpatient and postacute care.

The new details were provided as part of the administration's fiscal year 2010 budget request sent to Congress. President Barack Obama had released the highlights of his budget plans back in February but had not provided specifics on his legislative and regulatory proposals.

As expected, the centerpiece of the detailed budget proposal is health care reform. The budget would establish a "reserve fund" of about



\$635 billion over 10 years to finance at least part of the comprehensive health reform efforts, which would come from new revenue resulting from tax changes, as well as from savings within the Medicare and Medicaid programs.

"This budget sends a clear message that we can't afford to wait any longer if we want to get health care costs under control and improve our fiscal outlook," said Kathleen Sebelius, Secretary of the U.S. Department of Health and Human Services.

"Investing in health reform today will help bring down costs tomorrow and ensure all Americans have access to the quality care they need and deserve," she said.

The Obama administration proposes to trim \$287.5 billion from Medicare over 10 years, with \$520 million in savings coming in FY 2010. The budget proposal also counts \$22 billion in savings over 10 years from the Medicaid program, with \$1.5 billion in savings being realized in FY 2010.

Among the legislative proposals that would contribute to those savings is a plan to tie a portion of hospital Medicare payments to performance on quality measures starting in 2011. The administration also is proposing to cut payments to hospitals with high readmission rates starting in 2012.

The budget proposal seeks to allow physicians to form voluntary groups to coordinate care for Medicare beneficiaries. Those groups would be eligible to receive bonus payments from Medicare if they improved the quality of care and produced savings.

The administration hopes to begin bundling Medicare payments for inpatient hospital services and postacute care within 30 days of discharge, beginning in 2013.

Savings would also be generated, ac-

ording to the administration, by a new competitive bidding system for Medicare Advantage plans. Under such a system, payments to Medicare Advantage plans would be based on the average of plan bids submitted to Medicare.

This type of market-based system would reduce costs, according to the Obama administration.

The FY 2010 budget does not include a fix for the Medicare physician payment system, which is once again set to make significant cuts to physician payments in January 2010.

However, the budget document includes support for changing the payment formula, including assessing whether physician-administered drugs should be covered under the payment formula. The FY 2010 budget proposal includes a total of \$879 billion for HHS, a \$63 billion increase over FY 2009 levels.

The administration also is moving to bolster cancer research as part of the budget proposal. The proposal includes nearly \$31 billion for the National Institutes of Health, with more than \$6 billion dedicated to cancer research across the agency. This is the first installment in President Obama's plan to double NIH cancer research by FY 2017.

In addition, the budget addresses concerns about the response to the 2009-H1N1 "swine" flu. Aside from the \$1.5 billion supplemental request, the administration is seeking \$584 million in the FY 2010 budget proposal. The money would go toward developing, producing, and distributing antivirals, vaccines, and personal protective equipment. It would be used for surveillance and response efforts, as well.

The administration is planning to invest \$1 billion into health care workforce initiatives including expanding loan repayment and scholarship programs for physicians, nurses, and dentists who work in underserved areas.

The administration asserted its commitment to lowering drug costs with a policy proposal in the Food and Drug Administration budget to create a regulatory pathway for the approval of generic biologicals. Under this pathway, innovative products would be given a period of exclusivity. However, brand name manufacturers would be barred from reformulating existing products into new products in order to restart the exclusivity process. Additionally, the FDA budget includes \$5 million to explore ways for Americans to safely import drugs from other countries. ■

The FY 2010 budget documents are available online at www.hhs.gov/asrt/ob/docbudget/index.html.

POLICY & PRACTICE

Sotomayor Tapped for High Court

President Barack Obama has nominated appellate court judge Sonia Sotomayor to the Supreme Court, but observers are waiting to see what her presence on the court could mean for abortion rights. Although neither President Obama nor Judge Sotomayor mentioned abortion when announcing her nomination last month, groups on both sides of the issue are watching this nomination closely. NARAL Pro-Choice America, which supports abortion rights, praised Judge Sotomayor for her professional accomplishments. In a statement, NARAL president Nancy Keenan, said that the organization looks forward to hearing more about Judge Sotomayor's views on the right to privacy and *Roe v. Wade*. However, Americans United for Life, a group which opposes abortion, called the nomination a "radical pick that divides America." Despite the characterization by some opponents that Judge Sotomayor is a liberal activist, in 2002, she upheld the Bush administration's right to continue the Mexico City Policy, which banned foreign nongovernmental organizations from performing or promoting abortion if they received U.S. government funds. Judge Sotomayor currently serves on the U.S. Court of Appeals for the Second Circuit. Her nomination must be approved by the Senate.

Health Care System Fails Women

The health care system needs reform now because the current framework does not work for women, according to a new report from the Health and Human Services department. HHS released "Roadblocks to Health Care," last month at a roundtable with women small business owners. The report says that 21 million women and girls were uninsured in the United States in 2007. About 14 million women had health coverage through the individual insurance market, where women may pay higher premiums than men, yet are unlikely to get comprehensive benefits in return. Women in their reproductive years are often charged higher premiums than men when purchasing insurance on the individual market, according to the report. Additionally, the majority of such policies do not cover maternity care. Find the report at www.HealthReform.gov.

Abstinence-Only Sex Education Cut

President Obama's proposed fiscal year 2010 budget would eliminate funding for abstinence-only sex education. The proposal includes \$178 million for a new teen pregnancy prevention initiative featuring grants to states and communities. About 25% of the community-grants program would support demonstration projects and research into new sex education approaches. The move drew praise from reproductive-rights ad-

vocates who have been pushing for years for inclusion of information on contraception and protection against sexually transmitted diseases. "For too long we wasted money on programs that are proven to be ineffective," Rep. Louise M. Slaughter (D-N.Y.), cochair of the congressional pro-choice caucus, said in a statement. "We are finally putting sound science ahead of politics. We have an obligation to our young women and men to empower them to make informed decisions about their own sexual health." But some of the same groups that praised the Obama administration on its sex education policy took it to task for failing to go after government funding restrictions on abortion, such as the Hyde Amendment, which bars the federal government from paying for abortions under Medicaid.

States Tackle Reproductive Health

In the first quarter of 2009, states have already enacted 11 new laws related to reproductive health. Eight of those new laws are related to abortion, and most restrict access to the procedure. Some of the measures include a ban on "partial birth" abortion in Arkansas, limits on post-viability abortions in Utah, requirements that abortion clinics post signs about coercion in Kansas and Ohio, and a requirement in Utah that abortion clinics inform women about the possibility that a fetus can feel pain. Aside from its abortion law, Utah enacted a law allowing physicians to dispense sexually transmitted disease treatment to patients for use by their sex partners. Utah and Virginia have passed laws this year increasing access to emergency contraception.

Parental Notification Bill Introduced

Legislation in Congress would require that physicians notify parents if their teenage daughter is seeking an abortion. Under the "Parental Notification and Intervention Act" (H.R. 2061), physicians would have to send notice by certified mail at least 4 days before an abortion was to be performed. The parents would then have the option of seeking a court injunction to stop the procedure. The bill provides for some exceptions to notification, such as when there is clear evidence of physical abuse of the minor by the parent. Also, the requirement for notification would be waived if a medical emergency exists requiring the abortion to be performed to save the life of the minor. The bill, introduced by Rep. John Boozman (R-Ariz.), includes penalties of up to \$1 million and 10 years in prison. Many states already have some type of parental-notification law on the books, but Rep. Boozman said a federal law is necessary so that girls can't hide their actions by going to a state without a notification requirement.

—Mary Ellen Schneider