

# Dateline Washington

prepared by the Division of Advocacy and Health Policy

## President's budget cuts health care

On February 5, President Bush unveiled a \$2.9 trillion budget proposal for fiscal year (FY) 2008 that includes significant cuts in federal health care programs. For example, the proposed budget reduces Medicare funding by \$66 billion and Medicaid funding by \$25 billion by cutting payments to providers and implementing policy changes over the next five years. The President's budget also allocates \$5 billion to the State Children's Health Insurance Program (SCHIP), which is approximately half the amount needed to maintain current coverage. In total, the President's plan will cut more than \$8 trillion in health care entitlement spending over the next 75 years in an effort to keep the Part A trust fund active until at least 2018. Whereas Part B physician payment is spared from the chopping block, no funds are provided to prevent the 10 percent reimbursement cuts scheduled to take effect January 1, 2008.

In addition, add-on payments—including graduate medical education and disproportionate share funding, as well as policies related to bad debt—are poised for reductions. Graduate medical education may take a double hit because of a provision that would expressly prohibit Medicaid funds from being used to subsidize physician training, a change that would cost residency programs more than \$2 billion. In addition, the budget would cut all Medicare provider payments, including physician payments, by 0.4 percent when more than 45 percent of Medicare spending comes from general revenues, a milestone that probably will be reached in several years. Finally, physicians who fail to participate in pay-for-performance and transparency programs would face further cuts.

Other provisions in the budget would expand health care coverage through tax credits and association health plans, freeze funding for the National Institutes of Health at 2007 levels, reduce spending for several health professional training programs, and cut funding for the Health Resource and Services Administration (HRSA) and Centers for Disease Control and Prevention (CDC). Slated for elimination are the HRSA's Trauma-Emergency Medical Services (EMS), children's EMS, and traumatic brain injury programs, as well as the CDC's Preventive Health and Health Services Block Grant. The CDC's National Center for Injury Prevention and Control is funded at the same level as in 2007: \$138,410,000. For details about the budget, go to <http://www.whitehouse.gov/omb/budget/fy2008/>.

## Trauma funding bills introduced

Just before the President released his budget proposal, Congress introduced legislation that would reauthorize the Trauma-EMS program. The Trauma Care Systems Planning and Development Act, H.R. 727, was introduced in the House of Representatives on January 29, by Reps. Gene Green (D-TX) and Mike Burgess, MD (R-TX). On February 16, the Senate followed suit, with Sens. Jack Reed (D-RI) and Pat Roberts (R-KS) introducing the companion bill, S.657. This legislation would provide funding for the program through FY 2012, with authorization levels of \$12 million in FY 2008, \$10 million in 2009, and \$8 million in 2010–2012. The bills also create a competitive grant program for states that have already

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## **Health Partnership Act introduced**

begun the process of establishing a trauma system using national standards and protocols. Log on to the College's Legislative Action Center at <http://www.capitolconnect.com/acspa/> to send a letter to your legislators asking them to cosponsor these bills. For more information, contact Adrienne Roberts, Government Affairs Associate, Division of Advocacy and Health Policy, at [aroberts@facs.org](mailto:aroberts@facs.org).

On January 17, Sens. Jeff Bingaman (D-NM) and George Voinovich (R-OH) and Reps. Tom Price, MD, FACS (R-GA), Tammy Baldwin (D-WI), and John Tierney (D-MA) introduced the Health Partnership Act, S. 325 and H.R. 506, respectively. This legislation would authorize grants to states, regional entities, and others to pursue innovative strategies for increasing access to health insurance coverage, ensuring that patients receive high-quality and appropriate care, improving efficiency, and using information technology to enhance infrastructures.

The legislation also calls for establishing a bipartisan state health innovation commission that would be responsible for approving a variety of reform options, including institution of tax credits; expansion of Medicaid or SCHIP; creation of pooling arrangements, single-payor systems, or health savings accounts; or a combination of these and other options. The American College of Surgeons supports the legislation. For more information, go to <http://www.facs.org/ahp/views/hpact.html>.

## **Resubmit Aetna E/M claims with modifier -57**

Surgeons have until April 30 to resubmit Aetna claims for evaluation and management (E/M) visits billed with a modifier -57. Aetna will pay the resubmitted claims in compliance with an agreement the insurer reached with the state medical societies to make payment for E/M claims with modifier -57, indicating that the decision with regard to a surgical procedure was made during the visit, when billed with major (global, 90-day) procedures. The agreement applies to claims for services provided between January 1, 2005, and February 11, 2006. After seeking input from medical societies and the independent Physician Advisory Board, Aetna decided to change its policy and began paying these claims effective February 12, 2006. For further information, including detailed instructions and forms required to ensure timely and accurate processing of resubmitted claims, visit the Aetna Web site at <http://www.aetna.com/>.

## **New Jersey governor vetoes cosmetic surgery tax repeal**

Weeks after the state legislature unanimously passed legislation to repeal the state's tax on cosmetic surgery, New Jersey Gov. John Corzine (D) vetoed A-2282 on January 26. The governor did not issue a statement explaining his rationale for the veto, and supporters of the legislation are now considering their options. As part of advocacy efforts in support of the tax repeal, more than 60 New Jersey surgeons used the Surgery State Legislative Action Center to contact the governor's office. For further information, contact Melinda Baker, State Affairs Associate, Division of Advocacy and Health Policy, at [mbaker@facs.org](mailto:mbaker@facs.org).