

## **AMA Provides Overview of Health Aspects of Economic Stimulus Bill to be Considered by Congress this Week**

The AMA's Senior Vice President for Advocacy, Rich Deem, has provided the following overview of the federal economic stimulus legislation.

This week, Congress will begin considering an \$825 billion stimulus package, the *American Recovery and Reinvestment Act*. The legislation will contain \$275 billion in tax relief and \$550 billion in direct spending in an effort to stimulate economic activity. A number of provisions will affect health care.

Specifically, Congress will provide more money to states through increased funding for Medicaid programs and subsidies directed to individuals who become uninsured so that they may maintain health care coverage. Additional funding will be provided for health care infrastructure, training, and research.

Of particular note are several provisions that will be characterized as “down-payments” of health care reform. These include a \$20 billion investment in Health Information Technology and \$1.1 billion for comparative effectiveness research conducted through existing authorities. Though details on these specific provisions were being resolved over this past weekend and may be modified in committee mark up this week, some specifics are known.

Two billion dollars of the HIT funding will be invested in health care IT infrastructure and standards development. It is expected that most of the remaining funding will be for providers who adopt HIT and use it in the care of Medicare, Medicaid, and SCHIP patients. Much like the recently enacted ERx legislation, the program is expected to take the form of payment bonuses followed several years later by penalties for non-adopters. AMA staff has met with the authorizing committee staffs several times on these issues and will do so again once specifics of the proposal are known.

An initial review of the few available details of comparative effectiveness provisions provides hope that the process will include considerable physician input and focus on clinical effectiveness rather than simply on cost effectiveness.

We will convey additional details on the health provisions later this week. House floor consideration is expected to follow during the week of January 27. AMA will provide a more detailed analysis once legislative language is available. In the meantime, below you will find summary information on the health care proposals released by the House Appropriations and Ways and Means Committees.

### **LOWER HEALTHCARE COSTS**

To save not only jobs, but money and lives, we will update and computerize our healthcare system to cut red tape, prevent medical mistakes, and help reduce healthcare costs by billions of dollars each year.

**Health Information Technology:** \$20 billion to jumpstart efforts to computerize health records to cut costs and reduce medical errors.

**Prevention and Wellness Fund:** \$3 billion to fight preventable chronic diseases, the leading cause of deaths in the U.S., and infectious diseases. Preventing disease rather than treating illnesses is the most effective way to reduce healthcare costs. This includes hospital infection prevention, Preventive Health and Health Services Block Grants for state and local public health departments, immunization programs, and evidence-based disease prevention.

**Healthcare Effectiveness Research:** \$1.1 billion for Healthcare Research and Quality programs to compare the effectiveness of different medical treatments funded by Medicare, Medicaid, and SCHIP. Finding out what works best and educating patients and doctors will improve treatment and save taxpayers money.

**Community Health Centers:** \$1.5 billion, including \$500 million to increase the number of uninsured Americans who receive quality healthcare and \$1 billion to renovate clinics and make health information technology improvements. More than 400 applications submitted earlier this year for new or expanded CHC sites remain unfunded.

**Training Primary Care Providers:** \$600 million to address shortages and prepare our country for universal healthcare by training primary healthcare providers including doctors, dentists, and nurses as well as helping pay medical school expenses for students who agree to practice in underserved communities through the National Health Service Corps.

**Indian Health Service Facilities:** \$550 million to modernize aging hospitals and health clinics and make healthcare technology upgrades to improve healthcare for underserved rural populations.

**COBRA Healthcare for the Unemployed:** \$30.3 billion to extend health insurance coverage to the unemployed, extending the period of COBRA coverage for older and tenured workers beyond the 18 months provided under current law. Specifically, workers 55 and older, and workers who have worked for an employer for 10 or more years will be able to retain their COBRA coverage until they become Medicare eligible or secure coverage through a subsequent employer. In addition, subsidizing the first 12 months of COBRA coverage for eligible persons who have lost their jobs on or after September 1, 2008 at a 65 percent subsidy rate, the same rate provided under the Health Care Tax Credit for unemployed workers under the Trade Adjustment Assistance program. [Ways and Means]

**Medicaid Coverage for the Unemployed:** \$8.6 billion to provide 100 percent Federal funding through 2010 for optional State Medicaid coverage of individuals (and their dependents) who are involuntarily unemployed and whose family income does not exceed a State-determined level, but is no higher than 200 percent of poverty, or who are receiving food stamps.

**Medicaid Aid to States (FMAP):** \$87 billion to states, increasing through the end of FY 2010 the share of Medicaid costs the Federal government reimburses all states by 4.8 percent, with additional relief tied to rates of unemployment. This approach has been used in previous recessions to prevent cuts to health benefits for their increased low-income patient loads at a time when state revenues are declining.

## **OTHER IMPORTANT POLICY PROVISIONS**

**Medicare and Medicaid Regulations:** The bill extends the moratorium on select Medicaid and Medicare regulations through October 1, 2009.

## **Scientific Research**

**National Science Foundation:** \$3 billion, including \$2 billion for expanding employment opportunities in fundamental science and engineering to meet environmental challenges and to improve global economic competitiveness, \$400 million to build major research facilities that perform cutting edge science, \$300 million for major research equipment shared by institutions of higher education and other scientists, \$200 million to repair and modernize science and engineering research facilities at the nation's institutions of higher education and other science labs, and \$100 million is also included to improve instruction in science, math and engineering.

**National Institutes of Health Biomedical Research:** \$2 billion, including \$1.5 billion for expanding good jobs in biomedical research to study diseases such as Alzheimer's, Parkinson's, cancer, and heart disease - NIH is currently able to fund less than 20% of approved applications – and \$500 million to implement the repair and improvement strategic plan developed by the NIH for its campuses.

**University Research Facilities:** \$1.5 billion for NIH to renovate university research facilities and help them compete for biomedical research grants. The National Science Foundation estimates a maintenance backlog of \$3.9 billion in biological science research space. Funds are awarded competitively.

**Centers for Disease Control and Prevention:** \$462 million to enable CDC to complete its Buildings and Facilities Master Plan, as well as renovations and construction needs of the National Institute for Occupational Safety and Health.

**Biomedical Advanced Research and Development, Pandemic Flu, and Cyber Security:** \$900 million to prepare for a pandemic influenza, support advanced development of medical countermeasures for chemical, biological, radiological, and nuclear threats, and for cyber security protections at HHS.

**Technology Improvements for a More Efficient and Secure Government Social Security Administration Modernization:** \$400 million to replace the 30 year old Social Security Administration's National Computer Center to meet growing needs for processing retirement and disability claims and records storage.

## **Department of Defense Facilities**

**Medical Facilities:** \$3.75 billion for new construction of hospitals and ambulatory surgical centers, and \$455 million in renovations to provide state-of-the-art medical care to service members and their families.

## **Veterans Administration Facilities**

**Veterans Medical Facilities:** \$950 million for veterans' medical facilities. The Department has identified a \$5 billion backlog in needed repairs, including energy efficiency projects, at its 153 medical facilities.