President Obama Introduces Precision Medicine Program in 2015 State of the Union Address

President Obama only briefly mentioned healthcare policies in his January 20 State of the Union address. The President did announce his plans for one new healthcare program – a Precision Medicine Initiative. "Tonight, I'm launching a new Precision Medicine Initiative to bring us closer to curing diseases like cancer and diabetes—and to give all of us access to the personalized information we need to keep ourselves and our families healthier," President Obama stated.

The administration's push for what the President referred to as "precision medicine" would include mapping genomes and learning more about the genetic mechanisms of cancerous tumors and other aspects of disease development. Patients would be treated based on their individual genetic profiles, enabling professionals to offer patients personalized treatment plans over a more general approach.

To view the President's 2015 State of the Union address, click here.

House Energy & Commerce Committee Examines SGR Reform Options

On January 21 and 22, the House Energy and Commerce Committee held a hearing to address the Medicare Sustainable Growth Rate (SGR) Formula, which is currently set to expire on March 31.

During the two-day hearing, the Committee heard from witnesses representing senior advocates, provider groups and clinicians as well as a former Congressional Budget Office Director and U.S. Senator. Witnesses offered myriad perspectives on how best to approach SGR repeal, some offering specific recommendations for offsets to pay for the estimated $140 billion to $150 billion repeal measure.

Hearing witnesses included:

- **Joseph I. Lieberman**, former United States Senator
  - Offset suggestions included:
    - Creating a single combined annual deductible for both Medicare Part A and B services;
    - Creating an annual "out-of-pocket maximum" under Medicare;
    - Reforming Medigap;
    - Increasing income-related premiums under Medicare;
    - Increasing the eligibility age; and
    - Raising the Medicare Part B premium.

- **Alice Rivlin**, Co-Chair, Bipartisan Policy Center; Delivery System Reform Initiative Director, Engelberg Center for Health Reform, The Brookings Institution
  - Offset suggestions included:
    - Reforming Medicare supplemental insurance to eliminate first dollar coverage;
    - Creating a single deductible and an out-of-pocket limit for hospital
and ambulatory care (Parts A and B) and modifying Medicare copayments;
- Using competitive bidding to set payments and improve quality, starting with lab tests;
- Rewarding beneficiaries for using generic drugs;
- Raising the Medicare premium for higher income individuals;
- Paying for post-acute care in the setting most appropriate to the patient's needs (not necessarily where the acute care occurred);
- Encouraging the use of generic drugs;
- Modernizing the Medicare Parts A and B cost-sharing rules;
- Expanding the use of bundled payments;
- Restricting first dollar coverage in Medigap plans; and
- Combining the Part A and Part B deductibles.

- **Marilyn Moon**, Institute Fellow, American Institutes for Research
  - Offset suggestions included:
    - New sources of revenue for the Medicare; and
    - Closing tax loopholes or cutting other programs that are not performing as intended.

- **Richard Umbdenstock**, President and Chief Executive Officer, American Hospital Association
  - Offset suggestions included:
    - Modernize Medicare by combining Parts A and B with a Unified Deductible and Coinsurance;
    - Modifications to first dollar Medigap coverage;
    - Increasing income-related premiums under Medicare; and
    - Reform the Medical Liability System.

- **Eric Schneidewind**, President-Elect, AARP
  - Offset suggestions included:
    - Accelerate and expanding competitive bidding for durable medical equipment;
    - Equalize Medicare payments for physician services between hospital outpatient and office settings;
    - Recoup overpayments to Medicare Advantage plans;
    - Provide rebates for drugs provided to Medicare Part D low-income support for beneficiaries who are dually eligible for Medicare and Medicaid;
    - Enable the Secretary of Health and Human Services to negotiate for lower prescription drug prices;
    - Reduce the exclusivity period for biologic drugs;
    - Prohibit pay-for-delay agreements between brand-name pharmaceutical maker and generic manufacturers; and
    - Stop Risk Evaluation and Mitigation Strategies (REMS) from being used to block generic drug and biosimilar product development.

- **Geraldine O'Shea, D.O.**, First Vice President AOA Board Of Trustees Medical Director Foothills Women’s Medical Center in California
  - Offset suggestions included:
    - Use of the Overseas Contingency Operations (OCO) funding that remains from the war efforts abroad.

While the House E&C Committee met on SGR repeal, Senate Finance Committee Chair Orrin Hatch (R-Utah) also indicated his plans to permanent SGR reform a priority when outlining his agenda. “My goal in the Finance Committee is to address the SGR challenge once and for all,” Hatch said in his January 20 speech at the U.S. Chamber of Commerce. Offset suggestions by Senator Hatch included: raising the Medicare eligibility age, reforming Medigap, simplifying Medicare cost-sharing, introducing competitive bidding into Medicare, and setting per capita limits on federal Medicaid spending.
Center for Healthcare Quality and Payment Reform Releases SGR Repeal Pay-For Recommendations

In a new report from the Center for Healthcare Quality and Payment Reform entitled How Should Congress Pay for the Cost of Repealing the Sustainable Growth Rate?, the think tank outlines recommendations for possible offsets to pay for a comprehensive SGR replacement package this year, including:

- **Accountable Payment Models** -- bundled payments, warrantied payments, and condition-based payments -- are needed in every specialty to give physicians the flexibility to redesign care along with accountability for the costs and quality of those aspects of care they can control or influence. CMS has not implemented these kinds of payment models quickly enough, particularly for ambulatory care, even though it has the statutory authority to do so.

- **Instead of waiting to "test" Accountable Payment Models in demonstration projects, CMS should make them immediately available on a voluntary basis to all physicians who wish to participate, and then the Accountable Payment Models can be evolved and improved over time. None of the current Medicare payment systems for physicians or hospitals were tested or evaluated before they were implemented; instead, they are refined every year to address problems that arise, and the same approach can be used for new payment models.**

- **Many physicians, medical societies, and local multi-stakeholder collaboratives are developing Accountable Payment Models that could improve care and reduce spending for conditions ranging from cancer to heart disease, but there is currently no way for them to get participation by their largest payer - Medicare. Congress should require that CMS have at least one Accountable Payment Model available in each of the largest medical specialties within one year, and that it have at least one Accountable Payment Model available in every medical specialty within two years. To achieve these goals, Congress should create a faster pathway for reviewing and implementing the Accountable Payment Models that are already being developed by physician organizations and multi-stakeholder collaboratives across the country.**

To download the full report, [click here](#).
House Energy and Commerce Committee Releases Draft 21st Century Cures Legislative Language

On January 27, the House Energy and Commerce Committee released the first draft of legislative language and a "discussion document" as part of 21st Century Cures, marking the beginning of the initiative’s legislative phase. The draft document outlines specific proposals and ideas shared by patients, innovators, researchers, caregivers, and other experts with Congress over the last year. The initiative was launched in April 2014 in order to accelerate the discovery, development and delivery of cures and medical breakthroughs in the United States.

The draft legislative language – inclusive of both Republican and Democratic proposals – includes policies that reflect the following themes:

- Putting patients first by incorporating their perspectives into the regulatory process and addressing unmet medical needs
- Building the foundation for 21st Century medicine, including helping young scientists
- Modernizing clinical trials
- Accelerating the discovery, development, and delivery cycle and continuing 21st Century innovation at NIH, FDA, CDC and CMS
- Modernizing medical product regulation

Specific policies included within the draft include public input on how proposed Medicare payment policies influence provider consolidation; review of CMS’ coverage with evidence development (CED) process; ways for improving the National Coverage Determination and Local Coverage Determination processes; and maximum out-of-pocket costs for beneficiaries utilizing Medicare Part B services.

"These ideas represent an important milestone – a critical first step in a legislative process. Our solutions to boost cures and jobs are starting to take shape as we move from broad principles to legislative language. However, this document is far from the final product. Some things may be dropped, some items may be added, but everything is on the table as we hope to trigger a thoughtful discussion toward a more polished product," said E&C Committee Chairman Fred Upton (R-MI) in a press statement.

To download the 21st Century Cures white paper, click here.

To download the 21st Century Cures one-pager, click here.

To download the draft legislative language, click here.

American Cancer Society: U.S. Cancer Death Rates on Decline

According to new data released by the American Cancer Society (ACS) in the report Cancer Statistics, 2014, there has been a 20 percent decline in U.S. cancer fatalities over the last two decades - the result of 1,340,400 avoided cancer deaths.

The report notes that significant progress has been made among specific demographics, most notably African American men in their forties. Death rates from 1991 to 2010 among this demographic have declined by more than 50 percent, more than in any other ethnic group. Despite the positive trend, black men continue to have the highest cancer death rates among all ethnic groups nationwide.
The nation’s cancer mortality rate has been on a steady decline since 1991. This trend is reportedly attributable to fewer Americans smoking, stronger cancer prevention practices, earlier detection and screening, and more effective treatment options.

For specific cancers, the report finds that:

- Prostate, lung, and colorectal cancers will account for about one-half of all cases in men, with prostate cancer alone accounting for about one-quarter of new diagnoses.
- Death rates for breast cancer (among women) are down more than one-third (35%) from peak rates, while prostate and colorectal cancer death rates are each down by nearly half (47%).
- Breast cancer alone is expected to account for 29% of all new cancers among women in the U.S. this year.
- A decrease in cancer incidence in men is driven by the rapid declines in colorectal (3.6% per year), lung (3.0% per year), and prostate (2.1% per year) cancers.

Despite the significant reduction in cancer deaths, ACS estimates a total of 1,665,540 new cancer cases and more than 585,000 cancer deaths will occur in the U.S. this year.

To read the ACS press release, click here.

Tavenner Resigns from CMS Leadership Post

The Centers for Medicare and Medicaid Services (CMS) Administrator Marilyn Tavenner announced her resignation on January 16. She will leave the Agency sometime in February. "It is with sadness and mixed emotions that I write to tell you that February will be my last month serving as the administrator for CMS," wrote Tavenner in an email to staff. "I have great pride and joy knowing all that we have accomplished together since I came on board five years ago in February of 2010."

CMS Principal Deputy Administrator Andrew Slavitt will take over as acting administrator...

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