



American Association of Oral and Maxillofacial Surgeons



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Federal Affairs

Early Federal Spending for Health Care

On January 14, the House passed H.R. 2, to reauthorize the State Children's Health Insurance Program (SCHIP). This measure is similar to the two SCHIP reauthorization bills that President Bush vetoed last year. It will increase the eligibility cap to 300 percent of the poverty level, as opposed to the current 200 percent level, while providing billions of dollars in extra funding to ensure that at least 10 million children are covered. The cost of this legislation will be offset by a tobacco tax increase.

H.R. 2 also incorporates such dental specific provisions as the inclusion of guaranteed dental services for children eligible for SCHIP, the development of a dental education program for new mothers and allowing federally qualified health centers to contract private practice dentists to care for patients.

The Senate is also moving forward with SCHIP reauthorization and Democratic leadership expects to send this bill to President-elect Obama for his signature the week after Inauguration.

In addition to SCHIP, President-elect Obama and democratic leadership in both the House and Senate are crafting a stimulus package that is estimated to cost around \$800 billion. This measure will be the top priority for the Administration and House Speaker Nancy Pelosi (D-Calif) has already pledged that the House will not adjourn for the President's Day recess next month until the package has passed.

This massive piece of legislation is expected to include around \$100 billion for the health care sector. The majority of the money, approximately \$80 billion, will go toward state Medicaid programs. These programs are already floundering in many states and with the expected increase in unemployment, the number of people on the Medicaid rolls are expected to go even higher. The rest of the money will go toward streamlining health care information technology (IT), which was a key part of the President-elect's campaign platform. Specifically, this effort will focus on digitizing patients' medical records and promoting e-prescribing, with the goal of lowering health care costs and improving quality of care. More details on these initiatives are expected once the bill is introduced.

Democratic Leadership Finalize Membership of Key Health Care Committees

Leadership on both sides of the aisle are working to finalize committee membership. Below are the announced Democrats on the three key committees AAOMS works with on health care issues. Republicans have not yet released their final committee assignments. AAOMS will post the committee membership lists on aaoms.org once they are finalized.

If you have a relationship with one of these representatives or are a constituent and would like to become a key contact, please e-mail or call [Kim Brisky](mailto:Kim.Brisky@aaoms.org) or 800/822-6637.

[Senate Committee on Health, Education, Labor and Pensions](#)

Chair, Edward Kennedy (D- Mass)
Christopher Dodd (D-Conn)
Tom Harkin (D-Iowa)
Barbara Mikulski (D-Md)
Jeff Bingaman (D-NM)
Patty Murray (D-Wash)
Jack Reed (D-RI)
Bernard Sanders (I-Vt)
Sherrod Brown (D-Ohio)
Robert Casey (D-Pa)
Kay Hagan (D-NC)
Jeff Merkley (D-Ore)

[Senate Committee on Finance](#)

Chair, Max Baucus (D-Mont)
John D. Rockefeller IV (D-WVa)
Kent Conrad (D-ND)

Jeff Bingaman (D-MM)
John Kerry (D-Mass)
Blanche Lincoln (D-Ark)
Ron Wyden (D-Ore)
Charles Schumer (D-NY)
Debbie Stabenow (D-Mich)
Maria Cantwell (D-Wash)
Bill Nelson (D-Fla)
Robert Menendez (D-NJ)
Thomas Carper (D-Del)

[House Energy & Commerce Committee, Subcommittee on Health](#)

Chair, Frank Pallone, Jr (D-NJ)	Jim Matheson (D-Utah)
John Dingell (D-Mich)	Jane Harman (D-Calif)
Bart Gordon (D-Tenn)	Charles Gonzalez (D-Tex)
Anna Eshoo (D-Calif)	John Barrow (D-Ga)
Eliot Engel (D-NY)	Donna Christensen (D-Virgin Islands)
Gene Green (D-Tex)	Kathy Castor (D-Fla)
Diana DeGette (D- Colo)	John Sarbanes (D-Md)
Lois Capps (D-Calif)	Christopher Murphy (D-Conn)
Jan Schakowsky (D-Ill)	Zach Space (D-Ohio)
Tammy Baldwin (D-Wis)	Betty Sutton (D-Ohio)
Mike Ross (D-Ark)	Bruce Braley (D-Iowa)
Anthony Weiner (D-NY)	

State Affairs

States Consider Further Cuts to Medicaid Programs

Due to the economic recession, several states have been looking to curb Medicaid services to alleviate the strain on their quickly depleting budgets. Medicaid, which provided health coverage to 50 million U.S. residents in 2007, is the largest or second-largest expense in every state (*Washington Post*, Dec. 26, 2008). The federal government covers roughly 57% of Medicaid expenses, while states are expected to cover the rest.

According to the *Post*, 19 states have lowered payments to hospitals and nursing homes, eliminated coverage for some treatments and excluded some beneficiaries from the program completely. Eighteen of these states, as well as six others, are considering additional reductions for fiscal year 2010 in anticipation that additional money will not be available. Additional states are suspending coverage for services not required by the federal government. State leaders have been pleading with the federal leaders for additional funding in the economic stimulus package.

With unemployment jumping two percent from last year, demand on the Medicaid system will only continue to increase. Kaiser Family Foundation economists estimate the each one percent gain in the unemployment rate adds one million people to the Medicaid and State children's Health Insurance Program. Budgeted Medicaid spending totaled \$333 billion in the fiscal year ending Sept. 30, 2007, and it is expected these costs to continue to climb as the recession continues.

Practice Management

Voluntary Code from PhRMA

The Pharmaceutical Research and Manufacturers Association (PhRMA), which represents the country's top pharmaceutical research and biotech companies, adopted revised guiding principles for interactions with medical professionals. This voluntary code, which takes effect this month, lays out restrictions on the pharmaceutical representative-health care provider relationship; including the prohibition of giving non-educational items as gifts and meals. More information about the guidelines can be found on the [PhRMA Web site](#). For guidance on ethical guidelines for physicians, outlining what types of gifts physicians should refuse, please visit the AMA's [web site](#).

Federal Employees Covered Under BCBS to Pay Greater of Out-of Network, Non-Emergency Surgery Costs in 2009

The Blue Cross Blue Shield Federal Employees Health Benefit Plan (FEHBP) is changing how much it reimburses for elective surgeries performed by out-of-network providers. The change went into effect the beginning of the year and leaves beneficiaries of the BCBS Standard Option to cover 30% of the plan allowance in addition to any coinsurance due. This goes up from a 25% patient responsibility along with coinsurance in 2008. In response to Congressional disapproval of the increased cost sharing, the Office of Personnel Management (OPM) announced it would extend the FEHBP enrollment period, which was initially set to expire on December 8, 2008, to the end of January. . Along with the change, BCBS FEHBP is instituting a brand new prior approval process for non-emergency, out-of-network surgeries over \$5,000. BCBS is encouraging its members to take advantage of this new prior approval service giving beneficiaries out-of-pocket cost estimates to make informed decisions about their care.

Conversion to ICD-10 Named One of Top 9 Health Care Challenges for 2009

A PricewaterhouseCoopers report released December 11th includes the conversion from ICD-9-CM to ICD-10 in its top nine health care industry challenges for 2009. The report, [Top Nine Health Industry Issues in 2009: Outside Forces Will Disrupt The Industry](#), says ICD-10 will increase the accuracy of reimbursement and quality management and that providers and health plans should begin the process soon, and not put it off hoping for a regulatory delay. The report also warns that the implementation process will be long, costly and disruptive. ICD-10 has 155,000 codes and substantially more detail than the 17,000 codes of ICD-9, and the transition will impact "all major provider and payer processes." Among the other health care industry challenges listed were the impact of the economic downturn, uninsured and underinsured individuals, mergers and acquisitions in the pharmaceutical industry, prevention, genetic testing, technology, hospital pay for performance and payer/employer incentives for healthier lifestyles.

While the conversion to ICD-10 will be challenging, the entire healthcare industry will endure that challenge together. The Department of Health and Human Services (HHS) released the final rule on January 15, 2009, requiring ICD-10 to become effective October 1, 2013. A final rule mandating an upgrade of the HIPAA Electronic Transaction Standard to accommodate the new code set was also released, with an earlier implementation date of January 1, 2013. ICD-10 will require meticulous documentation and knowledge of anatomy and physiology. Now that the final rule has been released, be sure to monitor the Advocacy E-Newsletter, AAOMS Today, AAOMS website and other AAOMS publications for educational opportunities and news updates.