

August 23, 2006

## MEMORANDUM

TO: Chapter Presidents and Legislative Coordinators

RE: New Health Care Executive Order

**SUMMARY: The President has issued an Executive Order that impacts three federal agencies and FEHBP. Its goal is to reduce health care costs and standardize health information computer systems.**

Today the President made available the attached Executive Order which will require three federal agencies and the Federal Employees Health Benefit Program (FEHBP) to take steps intended to promote greater transparency in health care pricing and quality and promote uniform standards in health care technology for federally administered health care programs. In addition to FEHBP, the three federal agencies affected are: the Department of Health and Human Services which administers Medicare, the Veterans Administration, and the Department of Defense.

It appears that the intent of this new directive is to require agencies to compile and share information related to pricing and quality of care in order to ultimately cut costs for consumers. Information technology standards are called for over a 10-year period to make sure the agencies purchase health care-related computer systems that are compatible and insurance carriers will be evaluated on whether they meet certain standards.

While the goals of transparency and cost containment are laudable, I will be examining the details of this comprehensive order to determine what impact it will have on the quality of care for federal enrollees. FEHBP already provides a wide choice for hundreds of thousands of federal workers and retirees, and its integrity must be preserved.

Colleen M. Kelley  
National President

Attachment



For Immediate Release  
Office of the Press Secretary  
August 22, 2006

## **Executive Order: Promoting Quality and Efficient Health Care in Federal Government Administered or Sponsored Health Care Programs**

By the authority vested in me as President by the Constitution and the laws of the United States, and in order to promote federally led efforts to implement more transparent and high-quality health care, it is hereby ordered as follows:

Section 1. Purpose. It is the purpose of this order to ensure that health care programs administered or sponsored by the Federal Government promote quality and efficient delivery of health care through the use of health information technology, transparency regarding health care quality and price, and better incentives for program beneficiaries, enrollees, and providers. It is the further purpose of this order to make relevant information available to these beneficiaries, enrollees, and providers in a readily useable manner and in collaboration with similar initiatives in the private sector and non-Federal public sector. Consistent with the purpose of improving the quality and efficiency of health care, the actions and steps taken by Federal Government agencies should not incur additional costs for the Federal Government.

Sec. 2. Definitions. For purposes of this order:

(a) "Agency" means an agency of the Federal Government that administers or sponsors a Federal health care program.

(b) "Federal health care program" means the Federal Employees Health Benefit Program, the Medicare program, programs operated directly by the Indian Health Service, the TRICARE program for the Department of Defense and other uniformed services, and the health care program operated by the Department of Veterans Affairs. For purposes of this order, "Federal health care program" does not include State operated or funded federally subsidized programs such as Medicaid, the State Children's Health Insurance Program, or services provided to Department of Veterans' Affairs beneficiaries under 38 U.S.C. 1703.

(c) "Interoperability" means the ability to communicate and exchange data accurately, effectively, securely, and consistently with different information technology systems, software applications, and networks in various settings, and exchange data such that clinical or operational purpose and meaning of the data are preserved and unaltered.

(d) "Recognized interoperability standards" means interoperability standards recognized by the Secretary of Health and Human Services (the "Secretary"), in accordance with guidance developed by the Secretary, as existing on the date of the implementation, acquisition, or upgrade of health information technology systems under subsections (1) or (2) of section 3(a) of this order.

Sec. 3. Directives for Agencies. Agencies shall perform the following functions:

(a) Health Information Technology.

(1) For Federal Agencies. As each agency implements, acquires, or upgrades health information technology systems used for the direct exchange of health information between agencies and with non-Federal entities, it shall utilize, where available, health information technology systems and products that meet recognized interoperability standards.

(2) For Contracting Purposes. Each agency shall require in contracts or agreements with health care providers, health plans, or health insurance issuers that as each provider, plan, or issuer implements, acquires, or upgrades health information technology systems, it shall utilize, where available, health information technology systems and products that meet recognized interoperability standards.

(b) Transparency of Quality Measurements.

(1) In General. Each agency shall implement programs measuring the quality of services supplied by health care providers to the beneficiaries or enrollees of a Federal health care program. Such programs shall be based upon standards established by multi-stakeholder entities identified by the Secretary or by another agency subject to this order. Each agency shall develop its quality measurements in collaboration with similar initiatives in the private and non-Federal public sectors.

(2) Facilitation. An agency satisfies the requirements of this subsection if it participates in the aggregation of claims and other appropriate data for the purposes of quality measurement. Such aggregation shall be based upon standards established by multi-stakeholder entities identified by the Secretary or by another agency subject to this order.

(c) Transparency of Pricing Information. Each agency shall make available (or provide for the availability) to the beneficiaries or enrollees of a Federal health care program (and, at the option of the agency, to the public) the prices that it, its health insurance issuers, or its health insurance plans pay for procedures to providers in the health care program with which the agency, issuer, or plan contracts. Each agency shall also, in collaboration with multi-stakeholder groups such as those described in subsection (b)(1), participate in the development of information regarding the overall costs of services for common episodes of care and the treatment of common chronic diseases.

(d) Promoting Quality and Efficiency of Care. Each agency shall develop and identify, for beneficiaries, enrollees, and providers, approaches that encourage and facilitate the provision and receipt of high-quality and efficient health care. Such approaches may include pay-for-performance models of reimbursement consistent with current law. An agency will satisfy the requirements of this subsection if it makes available to beneficiaries or enrollees consumer-directed health care insurance products.

Sec. 4. Implementation Date. Agencies shall comply with the requirements of this order by January 1, 2007.

Sec. 5. Administration and Judicial Review.

(a) This order does not assume or rely upon additional Federal resources or spending to promote quality and efficient health care. Further, the actions directed by this order shall be carried out subject to the availability of appropriations and to the maximum extent permitted by law.

(b) This order shall be implemented in new contracts or new contract cycles as they may be renewed from time to time. Renegotiation outside of the normal contract cycle processes should be avoided.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

GEORGE W. BUSH

THE WHITE HOUSE,

August 22, 2006.

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