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HEALTH CARE REFORM UPDATE

May 14, 2012

Implementation of the Affordable Care Act (ACA)

On May 7th the White House released a report outlining the benefits that the ACA has provided to nurses and the Obama administration's support of the nursing workforce. The report can be found [here](#).

On May 7th Modern Healthcare reported that the Center for Medicare and Medicaid Services' (CMS) financial alignment demonstration for Medicare-Medicaid Enrollee's (dual eligibles), a demonstration wherein CMS and state Medicaid agencies work jointly contract with managed care plans to provide coordinated care to dual eligibles, could end up including over three million dual eligibles if all current state applications are finalized and approved – 1 million more than originally envisioned for the program. More information on the financial alignment initiative, including links to proposals and the opportunity to submit public comments, can be found [here](#).

On May 8th the Department of Health and Human Services (HHS) announced the first twenty-six recipients of awards under the Center for Medicare and Medicaid Innovation's (CMMI's) Health Care Innovation Challenge. The Innovation Challenge provides grants to organizations to test innovations designed to improve health care, provide greater efficiency, and promote the health care workforce. CMMI has stated that more awardees will be announced in June. A news release from HHS can be found [here](#). Descriptions of the selected projects can be found [here](#).

On May 9th HHS released a proposed rule that would raise Medicaid payment rates for certain primary care physicians. The rule implements the ACA's requirement that Medicaid reimburse primary care providers at the same rates as Medicare does. An HHS news release can be found [here](#). The new rule can be found [here](#).

On May 9th HHS announced the availability of \$75 million in grants for the construction and renovation of school-based health centers through the ACA's School-Based Health Center Capital Program. An HHS news release can be found [here](#).

On May 10th New Jersey Governor Chris Christie (R) vetoed a bill passed by the legislature that would create a health insurance exchange within the state. Governor Christie expressed concerns about going forward with the bill until the Supreme Court issues a ruling on the ACA. A press release from the Governor's office can be found [here](#).

On May 11th HHS released a final rule requiring health insurance issuers who meet or exceed medical-loss ratio (MLR) requirements must send an annual notice to enrollees informing them of this fact. Previous MLR rules had required only insurers who failed to meet the requirements to send out a notice. The new rule can be found [here](#). A blog post authored by HHS Secretary Sebelius on the new regulations can be found [here](#).

Other HHS and Federal Regulatory Initiatives

On May 8th the Institute of Medicine released a new report on obesity in America and how to accelerate progress in obesity prevention. The report can be found [here](#).

On May 9th the Government Accountability Office (GAO) released a report on the first year of CMS's competitive bidding program for durable medical equipment (DME), wherein DME suppliers must submit competitive bids to participate in the Medicare program. The report finds that, in general, the program has been implemented successfully. Utilization of DME has decreased, but the GAO was unable to say whether this was due to a decrease in unnecessary utilization of DME or a decrease in needed access. The report can be found [here](#).

On May 9th the Office of the National Coordinator for Health IT released a new guide to privacy and security of health information to help stakeholders better understand the role of privacy in using electronic medical records. A copy of the guide can be found [here](#).

On May 9th the GAO released a report on efforts to reduce costs in the Medicare and Medicaid programs. The report makes a number of recommendations for potential savings in the programs, including minimizing fraud, aligning coverage with clinical recommendations, more accurate payment of Medicare Advantage plans, and a more robust approval process for Medicaid demonstrations that might increase federal liability. The report can be found [here](#).

On May 10th HHS released a final rule revising and simplifying the Conditions of Participation for hospitals that participate in Medicare. HHS estimates that the simplified regulations will save hospitals approximately \$940 million per year. An HHS news release can be found [here](#). The final rule can be found [here](#).

On May 10th the HHS Office of the Inspector General released a report on pharmacies' billing practices in Medicare Part D. The report found that a large number of pharmacies had questionable billing practices, and recommended that CMS provide stronger oversight of Medicare Part D. The report can be found [here](#).

Other Congressional and State Initiatives

On May 5th leaders of the Massachusetts House of Representatives released a major proposal designed to reduce healthcare costs in the state. The bill imposes a tax on providers whose prices are deemed to be excessive, emphasizes accountable care organizations (ACOs), and would require all providers to use electronic records by 2017. Proponents claim that the bill would save families an average of \$2,000 annually on premiums. Local news coverage can be found [here](#).

On May 10th the House Energy & Commerce Committee unanimously approved a bill to reauthorize and to create new user fee programs at the FDA. Unlike an earlier version of the bill, which had several Republican-backed measures that Democrats found unacceptable, the current bill has broad bipartisan support. A committee press release can be found [here](#). A summary of the bill can be found [here](#).

On May 10th the House of Representatives passed a “sequester-replacement” bill that would replace the automatic spending cuts that are due to go into effect in 2013. The House bill defunds several aspects of the ACA in order to preserve funding for defense. No Democrats voted for the bill, and it is not expected to pass the Senate. The text of the bill can be found [here](#).

Other Health Care News

On May 7th researchers at the Urban Institute published a study in Health Affairs predicting that the ACA could significantly reduce racial and ethnic disparities in health insurance coverage. The study can be found [here](#).

On May 7th researchers at the Dartmouth Institute for Health Policy published a study in Health Affairs finding that states of seek to shift the burden of care for dual Medicare-Medicaid enrollees onto the Medicare program. The study also found that states varied widely in their spending on dual enrollees. The authors suggest that the results highlight the potential of improved care through coordination between Medicare and Medicaid. The study can be found [here](#).

On May 7th researchers at the Center for Studying Health System Change published an article in Health Affairs finding that some health care providers, particularly large hospital systems, have been able to exercise their market power to negotiate higher payment rates from insurers. The article can be found [here](#).

On May 8th the Robert Wood Johnson Foundation published a study finding that, for adults aged 19-64, access to health care services declined considerably between 2000 and 2010. The authors suggest that the provisions of the ACA could improve access for adults. The study can be found [here](#).

On May 10th the National Academy of Social Insurance released a report reviewing how state and federal regulators currently perform insurance plan management and describing how those activities are likely to change as a result of the ACA’s health insurance exchanges. The report finds that, while most states already perform many of the activities envisioned for Exchanges, states will also need to build new competencies in order to effectively manage health plans within the Exchange. The report can be found [here](#).

Hearings & Mark-ups Scheduled

Senate

On May 15th the Senate Health, Education, Labor, & Pensions (HELP) Committee will hold a hearing entitled “The High Cost of High Prices for HIV/AIDS Drugs and the Prize Fund Alternative.” More information can be found [here](#).

On May 16th the Senate HELP Committee will hold a hearing entitled “Identifying Opportunities for Health Care Delivery System Reform: Lessons from the Front Line.” More information can be found [here](#).

House of Representatives

On May 18th the House Judiciary Subcommittee on Intellectual Property, Competition and the Internet will hold a hearing entitled “Health Care Consolidation and Competition after PPACA.” More information can be found [here](#).