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HEALTH CARE REFORM UPDATE

April 8, 2013

Implementation of the Affordable Care Act (ACA)

On April 1st the Obama Administration announced it will delay a provision in the Affordable Care Act (ACA) that provides an insurance marketplace specifically for small businesses. The Small Business Health Options Program (SHOP) requirement to make multiple insurance plans available to employees will be delayed until 2015, due to operational concerns cited by the Administration. An article on the delay can be read [here](#).

On April 1st the Patient-Centered Outcomes Research Institute (PCORI), created by the ACA, announced the 84 people who will be part of four 21-member panels that will advise PCORI on topics including patient engagement and improving health care systems. The announcement from PCORI is available [here](#).

On April 1st Texas Governor Rick Perry (R) held a press conference with U.S. Senators John Cornyn (R-TX) and Ted Cruz (R-TX), Texas Lieutenant Governor David Dewhurst (R), and Representative Michael Burgess (R-TX) to oppose the expansion of Medicaid in the state. Gov. Perry has said the program needs to be reformed and not expanded. That same afternoon, San Antonio Mayor Julian Castro (D) and his brother, Representative Joaquin Castro (D-TX), held an event to promote Medicaid expansion. Details on both events are available [here](#). A press release from the governor's office can be viewed [here](#).

On April 1st Vermont issued proposed rates for coverage on its health insurance exchange. Figures from the state indicate that a family of four making \$32,000 will pay \$45 out of pocket each month, while a single person earning \$40,000 would pay \$317 per month. Details on the plan are available [here](#).

On April 2nd Department of Health and Human Services (HHS) Secretary Kathleen Sebelius sent a letter to Arkansas Governor Mike Beebe (D) and said the governor's plan to expand health care access in his state appears to follow guidelines of the Medicaid statute. Gov. Beebe is encouraging the republican legislature in Arkansas to support expansion. The letter from Secretary Sebelius can be found [here](#).

On April 2nd Tennessee Governor Bill Haslam (R) said he still believes it is possible that the federal government will allow his state to use funds available under Medicaid expansion to purchase private insurance for new beneficiaries. Gov. Haslam said he discussed this with Secretary Sebelius and that negotiations are still taking place. Additional comments from the governor are available [here](#).

On April 3rd Cover Oregon, the state's health insurance exchange, granted approval to 22 insurers to offer medical and dental plans on the exchange. Cover Oregon is an online marketplace that will allow users to compare and select a coverage plan that is right for them. The carriers will offer individual, small employer, and dental insurance plans. A report on Cover Oregon and its 22 approved carriers is available [here](#).

On April 3rd Centers for Medicare and Medicaid (CMS) issued a proposed rule on the standards for navigator organizations that will be helping consumers understand the complexities of health insurance exchanges. The navigators will be tasked with providing accurate and impartial information to consumers shopping on the exchange. A press release from CMS is available [here](#). The proposed rule can be viewed [here](#).

On April 3rd polling data released by Southern Media Opinion and Research indicated that residents in Louisiana remain conflicted about the option to expand Medicaid to about 400,000 people in the state. About 48% of respondents said they agreed with a statement made by Senator Mary Landrieu (D-LA) that Governor Bobby Jindal (R) is rejecting Medicaid expansion for political purposes, while 46% of people agreed with Gov. Jindal, who said expansion could cost too much money. The full poll results can be viewed [here](#).

On April 4th the U.S. Chamber of Commerce released its small business outlook survey for the first quarter of 2013. The survey says fulfilling ACA requirements is the top concern for small businesses. Among small businesses surveyed, 77% said the ACA will make employee coverage more expensive, and 32% plan to reduce hiring because of the employer mandate. The full survey results are available [here](#).

Other HHS and Federal Regulatory Initiatives

On March 29th an HHS spokesman announced that the Administration will not pay for sex-change surgery through Medicare, even after CMS had said it would reconsider a 1981 decision that found the operations were experimental and therefore ineligible for coverage. More information on the White House decision can be found [here](#).

On April 1st CMS cut the reimbursement rate available to New York developmental centers serving disabled residents from \$5,000 to \$1,200 per day per patient. A report from the House Committee on Oversight and Government Reform noted that, per resident, New York spends the most on Medicaid. An article on the reimbursement decrease can be read [here](#). The report from the Oversight Committee is available [here](#).

On April 1st CMS said it will raise Medicare Advantage payments by 3.3%. In February, the agency had proposed a 2.3% cut in reimbursements. The new increase comes after a Congressional Research

Service (CRS) report indicated that CMS could assume Congress will stop cuts to care providers under the Sustainable Growth Rate (SGR). The press release from CMS can be found [here](#).

On April 3rd the Department of Justice (DOJ) announced that Intermountain Health Care agreed to pay a \$25.5 million settlement based on claims that the largest health system in Utah violated the False Claims Act and the Stark Statute, which places restrictions on the relationship between hospitals and doctors. The press release from DOJ is available [here](#).

On April 5th U.S. District Court Judge Edward R. Korman ruled that the Food and Drug Administration (FDA) cannot place age-based restrictions on the ability of women to obtain emergency contraception over the counter. While women 17 and older had been able to get contraception over the counter, women younger than 17 required a prescription. Judge Korman said HHS Secretary Sebelius offered no compelling reason for restricting the ability of women under 17 to obtain contraception drugs. The ruling is available [here](#).

On April 5th the Health Resources and Services Administration (HRSA) issued a final rule to consolidate the National Practitioner Data Bank (NPDB) and the Healthcare Integrity and Protection Data Bank (HIPDB) into a single database on health care providers. Regulations that implemented the HIPDB will be removed, and the final will cease HIPDB operations and moves its data to NPDB. More information on the final rule is available [here](#). The final rule can be viewed [here](#).

Other Congressional and State Initiatives

On March 29th Louisiana Department of Health and Hospitals Secretary Bruce Greenstein resigned from his position as officials continue to investigate a contract Greenstein awarded to a company where he once worked while he was a CMS official during the George W. Bush administration. Governor Bobby Jindal (R) appointed current Deputy Secretary Kathy Kliebert to serve as Interim Secretary. An article on the resignation can be read [here](#). A statement from Gov. Jindal is available [here](#).

On April 3rd Representative Bill Cassidy (R-LA) officially announced his bid for the U.S. Senate in 2014. Rep. Cassidy seeks the seat currently held by Senator Mary Landrieu (D-LA). Rep. Cassidy is a practicing physician and member of the House Republican Doctors Caucus. A video of the representative discussing his candidacy can be viewed [here](#).

On April 3rd North Carolina Governor Pat McCrory (R) announced a plan to reform his state's Medicaid program. The plan, "A Partnership for a Health North Carolina," does not expand Medicaid under the ACA. Instead, the plan calls for a coordinated care model to improve overall efficiency of North Carolina's Medicaid program. Additional details on the plan and a video announcement from the governor are available [here](#).

On April 4th Senator Chuck Grassley (R-IA) sent a letter to CMS acting administrator Marilyn Tavenner requesting details on when the agency decided it would increase Medicare Advantage payments by 3.3%. Senator Grassley said he is concerned about investors who received information on the MA decision before it was made public. Stocks of several health insurers increased following the news of the payment increase. The letter from Sen. Grassley can be found [here](#).

Other Health Care News

On April 2nd the Robert Wood Johnson Foundation and the Urban Institute published a report on medical spending nationwide and identified states where Medicaid expansion could provide the greatest financial benefit. Nationally, nonelderly people spend an average of about 3% of their yearly income on medical costs. The full report can be found [here](#).

On April 1st several community cancer clinics sent a joint letter to CMS that urged the agency to address the 2% sequester cut that will be placed on drugs sold by the clinics. The clinics said they may need to turn away patients because of the cut. The letter to CMS argues that the clinics will experience a 28% reimbursement cut instead of a 2% cut. The letter is available [here](#).

On April 2nd the Journal of the American Medical Association (JAMA) published a study indicating that rural hospitals, which often receive greater Medicare payments and are subject to fewer regulatory requirements, are experiencing an increase in mortality rates, even as death rates are decreasing at facilities not categorized as critical access hospitals (CAHs). An article from Kaiser Health News that summarizes the study is available [here](#). The findings of the JAMA study are available [here](#).

On April 4th the Trust for America's Health (TFAH) issued a report on the decreased spending by states on public health. TFAH notes that state spending on public health decreased from \$33.71 per person to \$27.40 between FY 2008 and 2012, a total, inflation-adjusted cut of \$1.9 billion. More than 45,700 state and local health department jobs have been cut since 2008. The report can be read [here](#).

On April 4th Gallup released a poll showing that adults in the United States who rely on Medicaid as their primary form of insurance are in worse health than adults who are covered by an employer or union. Gallup suggests improving the care for Medicaid beneficiaries could improve the overall health for these individuals and lower overall government spending on Medicaid. The poll results can be viewed [here](#).

On April 4th Universities Allied for Essential Health Medicines released a report card on the global health initiatives of 54 major research universities in the United States and Canada. The report card rates schools on innovation, the licensing process used to make medicines affordable in developing countries, and the work done to teach the next generation of global health leaders. An article on the report can be read [here](#). The report card is available [here](#).

On April 5th the AARP Public Policy Institute released a study that shows two-thirds of U.S. states have taken steps to better coordinate the care received by people dually eligible for Medicare and Medicaid services. The report also notes that most states are moving toward a risk-based managed care model to deliver integrated services. The study is available [here](#).

Hearings and Mark-Ups Scheduled

Senate

On April 9th the Senate Finance Committee is holding a hearing to consider the nomination of Marilyn B. Tavenner, of Virginia, to be Administrator of CMS. More information can be found [here](#).

On April 10th the Senate Finance Committee is holding a hearing on the President's Fiscal Year 2014 Budget. More information is available [here](#).

House of Representatives

On April 11th the House Ways and Means Committee will hold conduct a hearing on President Obama's budget proposal for fiscal year 2014. Treasury Secretary Jack Lew will serve as the sole witness at the hearing. More details can be found [here](#).

On April 11th the House Energy and Commerce Subcommittee on Health is holding a hearing entitled "Strengthening Medicare for Seniors: Understanding the Challenges of Traditional Medicare's Benefit Design." More information can be found [here](#).

On April 12th the House Appropriations Subcommittee on Commerce, Justice, Science, and Related Agencies will hold a budget hearing on the Drug Enforcement Administration. Additional details are available [here](#).