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## Health Care Update

**With SGR Behind Us, Delivery Reform Up Next:** On April 14<sup>th</sup>, the Senate passed H.R. 2, the “Medicare Access and CHIP Reauthorization Act of 2015” (MACRA), ending over a decade of temporary patches and massive lobbying efforts to prevent significant reimbursement cuts for physicians serving Medicare beneficiaries. In the end, 392 Members of the U.S. House of Representatives and 92 Members of the U.S. Senate voted in favor of permanently replacing the Sustainable Growth Rate (SGR) formula.

The President signed the bill, but not soon enough to avoid a small number of claims being subject to the cuts that went into effect April 1<sup>st</sup>. In a CMS *Medicare Learning Network* update, the agency **announced** that while it previously “instituted a 10-business day processing hold for all impacted claims with dates of service April 1, 2015....a small volume of claims will be processed at the reduced rate based on the negative update amount.”

Although the SGR is now in the history books, it is safe to assume that future battle(s) will center around the implementation of various provisions in the SGR replacement legislation that incentivize physicians to focus more on quality and likely accelerates their migration to alternative payment models (APMs) such as accountable care organizations and medical homes. For more on the rising importance of delivery/payment reform in a post-SGR world, [please see our latest blog entry](#) on [heathpolicymatters.com](http://heathpolicymatters.com).

**Speaking of Delivery System Reform...:** In thinking about the future of alternative payment models (APMs) in a post-SGR world, ML Strategies has partnered with the [Personalized Medicine Coalition \(PMC\)](#) to highlight the role of targeted therapies and advanced diagnostics in the evolution of APMs.

We invite you to join us this Thursday, April 23<sup>rd</sup>, at 4pm in our offices for a launch event of the PMC’s latest white paper on “Paying for Personalized Medicine: How Alternative Payment Models Could Help or Hinder the Field.” The event will feature a panel discussion with representatives from industry, the PMC, and CMS with a cocktail reception to follow.

The event is free and widely attended. Additional details and registration can be found [here](#).

## Implementation of the Affordable Care Act

**HHS Announces Round of Navigator Grants:** In a posting on Grants.gov, the Department of Health and Human Services (HHS) [announced](#) the next round of grants to assist ACA consumer assistants, or navigators, in the 34 states which have either a federally run or partnership exchange. The announcement details \$67 million in grants in the first year of the funding, with the expectation the agency will award up to \$201 million over three years.

## Other Federal Regulatory Initiatives

**CMS Proposes Medicare Reimbursement Changes for Nursing Homes:** CMS [proposed](#) a 1.4% percent increase in Medicare reimbursements for nursing homes in FY 2016. It also announced that Medicare will cut reimbursements by 2% starting in 2018 for nursing homes that fail to comply with the data reporting standards set in the Improving Medicare Post-Acute Care Transformation Act and the Protecting Access to Medicare Act law. Both bills, which Congress passed last year, authorized the creation of quality reporting programs for nursing facilities.

**CMS Releases Hospital Pay Rule:** CMS released a [proposed rule](#) for acute- and long-term care hospitals (LTCHs). For post-acute hospitals, the rule would provide a 0.3 percent pay increase while cutting payments to LTCHs by 4.6 percent. The proposed rule, which would apply to approximately 3,400 acute care hospitals and approximately 435 LTCHs, would affect discharges occurring on or after October 1, 2015.

**CMS Releases Hospital Star Ratings:** CMS [released](#) the first Hospital Compare Star Ratings, having already released star ratings for nursing homes, physicians, and Medicare Advantage plans. The five-star ratings system measures hospitals against 11 performance measures in addition to one composite summary rating.

**CMS Proposes Medicaid Eligibility Systems Funding:** CMS proposed a [rule](#) that will extend access to enhanced federal financial participation for Medicaid eligibility and enrollment systems past the current regulatory deadline of December 31, 2015. The proposal also extends the government-enhanced contribution of 75 percent of costs for maintenance and operation of systems.

**HHS' Reinsurance Funds Total \$8.7 Billion:** HHS sought to rake in \$12 billion in reinsurance contributions for the 2014 benefit year, but as of March 31<sup>st</sup>, it had only hauled in \$8.7 billion. HHS plans to use these contributions to stabilize premiums both on and off the ACA-exchange markets. More reinsurance contributions are expected, but if HHS receives less than \$10 billion, it will only direct contributions to non-grandfathered, reinsurance-eligible plans on the individual markets.

**HHS Reports Small Growth in Medicare Spending:** Increased economic growth between 2009 and 2013 saved Medicare \$316 billion, according to HHS. The agency [reports](#) that from 2009 to 2012, the increase in Medicare spending per beneficiary averaged 1.8 percent annually, which was about a 1/3 less than the increase between 2000 and 2008. It also reports that Medicare spending flat-lined in 2013.

**FDA Plans Drug Safety Database Workshop:** The Food and Drug Administration (FDA) [announced](#) it will hold a workshop on May 4<sup>th</sup> to discuss ways in which to improve post-approval drug safety studies which rely on electronic health databases.

**ONC Announces Grant for Health IT Sharing:** The Office of the National Coordinator for Health IT (ONC) [announced](#) the availability of \$1 million in grant funds to support community projects for the Community Interoperability Health Information Exchange (HIE) Program.

**GAO Report on Government Fragmentation:** The Government Accountability Office (GAO) released a [report](#) detailing 66 steps the White House and Congress could take to reduce overlap, duplication, and fragmentation within government programs—including Medicare post-payment claims, HHS programs dealing with mental illness, and the U.S. Family Health Plan within the Department of Defense.

**President Obama Meets with Leaders on Ebola:** President Obama met with the leaders of Liberia, Sierra Leone, and Guinea to discuss the needs of West Africa after the Ebola outbreak. A [release](#) notes that while the outbreak has been diminished, it is not eradicated and that health systems must be rebuilt to meet the needs of the region.

**EEOC Proposes Wellness Rule:** The Equal Employment Opportunity Commission (EEOC) released a [proposed rule](#) clarifying how employer wellness programs must comply with the Americans with Disabilities Act (ADA). The proposal notes that the ADA allows for wellness programs as long as the information provided to the employer is not used to discriminate against an individual.

### Congressional Initiatives

**HHS OIG Investigating Drug Prices:** In response to a request from Senator Bernie Sanders (I-VT) and Representative Elijah Cummings (D-MD), the HHS Office of the Inspector General [wrote](#) that the office will conduct a review of recent increases in the prices of generic drugs. The OIG will review prices from 2005 through 2014 to determine if they grew more than inflation.

**Education & Workforce Hearing on ACA in the Workplace:** On April 14<sup>th</sup>, the House Education and Workforce Subcommittee on Health, Employment, Labor, and Pensions [met to consider](#) the workforce side effects of the ACA. Witnesses touched on concerns including reduced hours for workers, uncertainty for employers, increasing health care costs, and loss of existing coverage.

**Senate Finance Delays Medicare Hearing:** The Senate Finance Committee postponed a [hearing](#) to consider audit and appeals issues in the Medicare program.

**House E&C Approves Data Breach Bill:** The House Energy and Commerce Committee [approved](#) the Data Security and Breach Notification Act of 2015 which “requires certain entities that collect and maintain consumers’ personal information to secure such information and to provide notice to affected individuals in the case of a breach of security involving personal information.”

**House E&C Examines Post-Acute Care Reform:** The House Energy and Commerce Subcommittee on Health [met to consider](#) the current state of Medicare’s post-acute care (PAC) system and discuss opportunities to improve the delivery of, and access to, these services for seniors. Lawmakers discussed the Bundling and Coordinating Post-Acute Care (BACPAC) Act of 2015 and heard testimony from MedPAC, among others.

### Other Health Care News

**Gallup Poll on Uninsured Rates:** A [poll](#) released by Gallup found that the uninsured rate among U.S. adults fell to 11.9 percent in the first quarter of 2015. The new rates reflect a 1 percent drop from the last quarter of 2014 and a 5.2 percent drop since the end of 2013.

**IOM Report on Cognitive Aging:** The Institute of Medicine (IOM) released a [report](#) on cognitive aging, which covers many mental abilities and processes including decision making, memory, attention, and problem-solving. The report deals with the public health dimensions of this gradual change in mental function, including surveying definitions and terminology, epidemiology and surveillance, prevention and intervention, education of health professionals, and public awareness and education.

**Report Details Increase in Drug Spending:** A [report](#) by the IMS Institute for Healthcare Informatics found that spending on prescription drug spending increased by 13.1 percent in 2014, the highest increase since 2001. The total increase was \$374 billion with a record number—4.3 billion—prescriptions filled.

**Ways and Means Hearing on Individual Mandate:** The House Ways and Means Subcommittee on Health held a [hearing](#) to consider the individual and employer mandates. Witnesses included Doug Holtz-Eakin of the American Action Forum, Scott Womack of Womack Restaurants, and Sabrina Corlette, a Senior Research Fellow, Project Director and Adjunct Professor at Georgetown University.

### Upcoming Congressional Hearings

#### *Senate*

On Tuesday, April 21<sup>st</sup>, the Senate Commerce, Science, and Transportation Subcommittee on Communications, Technology, Innovation, and the Internet will hold a [hearing](#) titled, “Advancing Telehealth Through Connectivity.”

On Thursday, April 23<sup>rd</sup>, the Senate Finance Subcommittee on Health Care will hold a [hearing](#) titled “A Fresh Look at the Impact of the Medical Device Tax on Jobs, Innovation, and Patients.”

On Tuesday, April 28<sup>th</sup>, the Senate Health, Education, Labor and Pensions Committee will hold a [hearing](#) titled “Continuing America’s Leadership: The Future of Medical Innovation for Patients.”

#### *House*

On Thursday, April 23<sup>rd</sup>, the House Energy and Commerce Subcommittee on Oversight and Investigations will hold a [hearing](#) titled, “Combating the Opioid Abuse Epidemic: Professional and Academic Perspectives.”

On Thursday, April 30<sup>th</sup>, the House Energy and Commerce Committee will hold a hearing on a new draft version of the 21<sup>st</sup> Century Cures legislation.

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