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HEALTH CARE REFORM UPDATE

December 19, 2011

Implementation of the Affordable Care Act (ACA)

On December 14th the Department of Health and Human Services (HHS) issued a proposed rule implementing the Physician Payment Sunshine Act, part of the ACA. The Act requires drug and medical device manufacturers to report gifts and payments made to physicians and other providers. Because of a delay in issuing the proposed rule, CMS will not require manufacturers to begin reporting on January 1, 2012 as required by the Act. A press release can be found [here](#). The proposed rule can be found [here](#).

On December 14th HHS announced that it would provide \$218 million to twenty-six hospital organizations to create Hospital Engagement Networks. Part of the ACA's Partnership for Patients program, Hospital Engagement Networks are designed to provide training, technical assistance, and other support to hospitals to improve patient safety. A press release can be found [here](#).

On December 16th HHS issued a bulletin outlining the approach it intends to take with regard to the essential health benefits package required under the ACA. The ACA requires HHS to develop rules regarding the essential health benefits that health plans offered in the individual and small group markets are required to cover. According to the bulletin, rather than creating a universal package of benefits that would apply to plans in all states, HHS intends to allow states considerable flexibility in defining essential health benefits packages. A news release can be found [here](#). The bulletin can be found [here](#).

On December 16th the Center for Consumer Information and Insurance Oversight (CCIIO) notified the State of Michigan that the CCIIO has rejected the state's request for a waiver from the new medical-loss ratio (MLR) requirements. Information related to Michigan's MLR adjustment application, including a fact sheet and the HHS determination letter, can be found [here](#).

On December 19th HHS and CMS announced the 32 final health systems that had been selected as "Pioneer ACOs" under the ACA designed to integrate and coordinate care across primary, specialist, and hospital care settings. HHS estimates that the initiative could save up to \$1.1 billion over five years. A press release, including the list of names of the Pioneer ACOs, can be found [here](#).

Other HHS and Federal Regulatory Initiatives

On December 14th the Centers for Medicare and Medicaid Services (CMS) issued a report on Medicare beneficiaries with multiple chronic conditions. The report finds that beneficiaries with multiple chronic conditions are more likely to be hospitalized and use high-cost health services. In tandem with the report, the National Quality Forum (NQF) released a proposed performance measurement framework to provide metrics for measuring outcomes for individuals with multiple chronic conditions. The CMS report can be found [here](#). The NQF proposed framework can be found [here](#).

On December 14th HHS the National Center for Health Statistics at the Centers for Disease Control released data which, HHS claims, shows that 2.5 million more young people are insurance than would have been in the absence of the ACA. A press release can be found [here](#).

On December 15th the Food and Drug Administration (FDA) issued an interim final rule requiring manufacturers that are the sole producers of certain critical drugs to report to the FDA interruptions that might lead to a shortage of the drug. On the same day, the Senate Health, Education, Labor, and Pensions (HELP) Committee held a hearing on drug shortages and the advantages of early notification. A press release on the rule can be found [here](#). Archives and testimony from the hearing can be found [here](#).

On December 15th the National Institutes of Health (NIH) launched a “Transfer Agreement Dashboard” to streamline the process of transferring tangible research materials, such as cell lines, between NIH laboratories and other researchers. A press release can be found [here](#).

Other Congressional and State Initiatives

On December 13th the House of Representatives passed a bill that includes a “doc fix” addressing looming cuts to physicians in Medicare. The bill would delay the Sustainable Growth Rate (SGR) formula for physician payments until 2014. The measure is part of a larger bill that also extends payroll tax cuts and unemployment benefits. Hospitals have strongly criticized provisions in the bill that could cut hospital payments as means to pay for the costs. A letter from the American Hospital Association to the Senate opposing the bill can be found [here](#). On December 17th the Senate passed a different version of a similar package that only delays cuts related to the SGR for two more months. Negotiations are still ongoing about how to reconcile the two packages. Without a legislative fix, CMS announced that it will freeze payments under the Medicare Physician Fee Schedule for a temporary time before enacting the cuts. A *Politico* article on the back-and-forth between the House and the Senate can be found [here](#).

On December 14th the Senate Special Aging Committee held a forum entitled “Aging in America: Future Challenges, Promise and Potential.” The forum celebrated the Special Committee’s 50th anniversary and allowed experts to discuss future problems related to aging and demographic changes. A webcast of the forum can be found [here](#).

On December 15th Senator Ron Wyden (D-OR) and Representative Paul Ryan (R-WI) issued a report proposing significant reforms to Medicare. The proposal includes providing beneficiaries the choice between participating in traditional Medicare or a receiving premium supports to purchase private Medicare-approved plans. Democrats in Congress and the White House have been critical of the plan and of Senator Wyden’s sponsorship of it. A press release on the plan can be found [here](#). The report can be found [here](#).

On December 16th the House of Representatives approved a \$1 trillion omnibus appropriations bill to fund the government through the remainder of FY 2012. A press release can be found [here](#).

Other Health Care News

On December 15th the New England Health Institute and WellPoint released a report identifying specific areas of inefficiency and waste that cost the health care system a total of \$521 billion annually. The report identifies emergency department overuse, antibiotic overuse, poor patient medication adherence, vaccine underuse, preventable hospital readmissions, hospital admissions for conditions that could be handled with outpatient care, and medication errors as major drivers of waste. The report can be found [here](#).

Hearings & Mark-ups Scheduled

None