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Health Care Update

Permanent Medicare Doc-Fix Entering Critical Week: The Medicare physician payment formula known as the Sustainable Growth Rate (SGR) or the Doc Fix, which was passed in 1996 as a means to control Medicare costs, may finally be repealed based on Congressional negotiations this week. Since 2003, Congress has spent nearly \$170 billion in short term patches to avoid untenable cuts imposed by the payment formula that has required policymakers to find cost savings through other programs in what has become at least a yearly scramble to prevent significant reductions in physician pay. The most recent patch will expire on March 31st.

In its stead, a bipartisan agreement ([H.R. 1470](#)) that has been negotiated largely by House leaders over the past few weeks could pass the House later this week, most likely Thursday. The measure would provide 0.5 percent payment increases for Medicare physicians until 2019 and then maintain payments levels until 2025. Additional reimbursement would be available for physicians who utilize electronic health records, improve quality, and transition to alternative payment models (APMs) that span patient-centered medical homes to accountable care organizations (ACOs).

Additionally, the SGR replacement bill would provide a two year extension of current funding levels for the Children's Health Insurance Program (CHIP)—the federal-state partnership that helps families find affordable health care for their children—that is set to expire at the end of September. As many state budgets set their funding cycles in the summer, it was imperative for Congress to provide an extension soon, as opposed to waiting for the end of the federal fiscal year. Some Senate Democrats, including Senate Minority Leader Harry Reid (D-NV) and all Democrats on the powerful Senate Finance Committee, including Ranking Member Ron Wyden (D-OR), have voiced their support for an SGR package that extends CHIP for four years as opposed to two.

In a letter released this weekend, Senate Finance Committee Democrats stated their discomfort with one of the negotiated payfors that would implement means testing for wealthier Medicare beneficiaries, increasing the amount they would have to pay for Part B and D premiums. Still, signatories indicated that the means testing would be easier to swallow should the CHIP program would be extended for a full four years.

Although stakeholder groups such as AARP have voiced their serious objections to means testing other groups that support CHIP, such as Families USA, have come out in support of a two year extension and called on Congress to finally pass a SGR replacement bill. How Senate Democrats eventually fall on this particular dynamic will be a critical element in moving the SGR replacement bill over the finish line as any bill will most likely require significant Democratic support to pass both chambers.

Also impacting a potential resolution of the SGR this week is consideration of the budget resolutions in both chambers of Congress. Last week House Republican leadership released its [2016 budget plan](#) with details on how to repeal the ACA and overhaul Medicare and Medicaid. On March 19th, the House Budget Committee passed the bill in a party-line vote. Currently, the House is expected to vote on the budget Wednesday—meaning consideration could impact time available to take up the SGR later in the week. The Senate will also take up the budget this week, with consideration of an unlimited number of amendments, many of which likely address health care.

Implementation of the Affordable Care Act

HHS: 16.4 Million Americans Now Covered by ACA: The Department of Health and Human Services (HHS) [announced](#) that 16.4 million previously uninsured Americans have received health insurance since the ACA became law. Of those 16.4 million, 14.1 million are adults who have obtained insurance since the first open enrollment period started in October 2013; the remaining 2.3 million are young adults who between 2010 and 2013 elected to stay on their parents' insurance. Since the Obama Administration reopened the enrollment period, the number of insured is likely to increase.

Other Federal Regulatory Initiatives

DOJ and HHS Announce Results of Health Fraud Initiative: Attorney General Eric Holder and HHS Secretary Sylvia Burwell jointly [announced](#) the agency's health care fraud prevention and enforcement efforts recovered \$3.3 billion in taxpayer dollars in FY 2014 from individuals and companies that attempted to defraud federal health programs.

New VA Appointments: President Obama [announced](#) his intent to nominate two individuals for administrative positions at the Department of Veterans' Affairs (VA). David J. Shulkin, currently president of Morristown Memorial Hospital in New Jersey, was nominated to be Undersecretary for Health. LaVerne Horton Council, currently CEO of Council Advisory Services, was nominated to be Assistant Secretary for Information and Technology.

HHS Releases Report on EHR Fraud Vulnerabilities: The HHS Office of the Inspector General's [report](#) on EHR fraud vulnerabilities lists the top 25 unimplemented recommendations within HHS. It addresses EHR fraud vulnerabilities, including the failure to keep automatic audit logs and a need to develop guidance on the use of copy-paste features.

Congressional Initiatives

Senate Budget Proposal Would Repeal MDT: The Senate [budget resolution](#) released on March 18th proposes to repeal the 2.3 percent excise tax on medical device manufacturers.

Committee Members Write to Administration on Medicare Advantage: Republican Members of the House Energy and Commerce and House Ways and Means Health Subcommittees [wrote](#) to the Centers for Medicare and Medicaid Services' (CMS) Acting Administrator Andy Slavitt asking the agency to reverse its policies toward Medicare Advantage.

Senate HELP Holds Examines EHR: The Senate Health, Education, Labor, and Pensions (HELP) Committee held a [hearing](#) on electronic health records (EHRs) and the meaningful use program. Committee Chairman Lamar Alexander expressed frustration that physicians are paying penalty fees for not meeting stiff requirements for EHR use.

Murray, Alexander Seek Answers about Cyberattack: Senators Patty Murray (D-WA) and Lamar Alexander (R-TN) [implored](#) Anthem to send notifications faster to the 78.8 million people who may be victims of the cyber-attack launched against the company last January. The senators asked Anthem to draft a "clear action plan" and to send it to the HELP committee no later than April 1st.

ACA at Five Years: On March 19th, the Senate Finance Committee held a [hearing](#) called "The Affordable Care Act at Five Years." President of the American Actium forum Douglas Holtz-Eakin, National Federation of Independent Business's Holly Wade, and President of the Commonwealth Fund David Blumenthal testified.

Reps. Murphy and DeGette Press SAMHSA on Evidence-Based Programs: On March 18th, Representatives Tim Murphy (R-PA) and Diana DeGette (D-CO) sent a [letter](#) to Substance Abuse and Mental Health Services Administration (SAMHSA) asking for more details on the agency's National Registry of Evidence-based Programs and Practices.

Breast Cancer Bill Introduced: Bipartisan lawmakers have [reintroduced](#) the Accelerating the End of Breast Cancer Act of 2015, which aims "to help end breast cancer by creating a clearinghouse and catalyst for research, public-private partnerships and trans-disciplinary collaboration."

House Passes DEA Scheduling Bill: The House passed by [voice vote](#) the Improving Regulatory Transparency for New Medical Therapies Act, which would require the Drug Enforcement Administration (DEA) to schedule new drugs 90 days after they are approved or after the agency receives the scheduling recommendation from the Food and Drug Administration (FDA).

Bipartisan Post-Acute Care Bill: Representatives David McKinley (R-WV), Jerry McNerney (D-CA), and Tom Price (R-GA) [introduced](#) the Bundling and Coordinating Post-Acute Care (BACPAC) Act, which would bundle post-acute care payments to better coordinate care for seniors and to create “incentives that will lead to savings of \$20 to \$50 billion and strengthen Medicare’s finances.”

Other Health Care News

MEDPAC Report on Rehab Hospitals: The Medicare Payment Advisory Commission released a [report](#) recommending inpatient rehabilitation hospitals get the same reimbursement rates as skilled nursing facilities that treat the same conditions.

EHR Use Up This Year: More people consult integrated EHRs and medical device data to complete and review their records now than a year ago, according to the Workgroup for Electronic Data Interchange. [WEDI](#) wrote a letter to HHS requesting the agency encourage industry to use the Blue Button Implementation Guide for exporting personal health records.

Atlantic Council Report on the Healthcare Internet of Things: The Atlantic Council recently published a [report](#) on the rewards and risks of the healthcare Internet of Things. Representative Diana DeGette (D-CO) [spoke](#) at an event following the report’s release, commenting on the health benefits and cybersecurity and privacy risks that wearable devices pose.

ACOs Want Telemedicine Reimbursement: After CMS [announced](#) that it will reimburse Next Generation ACOs for telemedicine services, existing ACOs signaled that they also want to be paid for providing such services. The Alliance for Connected Care sent a [letter](#) asking CMS to waive its restrictions on telemedicine.

Upcoming Congressional Hearings

Senate

On Thursday, March 26th, the Senate Veterans’ Affairs Committee will hold a [hearing](#) titled “VA Opioid Prescription Policy, Practice and Procedures.”

House

On Tuesday, March 24th the House Energy and Commerce Health Subcommittee will hold a [hearing](#) titled “Examining the 340B Drug Pricing Program.”

On Tuesday, March 24th, the House Ways and Means Oversight Subcommittee will hold a [hearing](#) titled “Use of Data to Stop Medicare Fraud.”

On Tuesday, March 24th the House Agriculture Committee will hold a [hearing](#) titled “Examination of the Costs and Impacts of Mandatory Biotechnology Laws.”

On Thursday, March 26th the House Energy and Commerce Subcommittee on Oversight and Investigations will hold a [hearing](#) titled “Examining the Growing Problems of Prescription Drug and Heroin Abuse: State and Local Perspectives.”

On Thursday, March 26th the House Appropriations Subcommittee on Commerce, Justice, Science, and Related Agencies will hold an oversight [hearing](#) on federal investments in neuroscience and neurotechnology.

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