



ML Strategies Update

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Health Care Update

- **SGR Patch will Avert Physician Payment Cliff; Permanent Replacement Unlikely until Next Congress:** On Thursday the House [passed](#) a 12-month patch to the Sustainable Growth Rate (“SGR”) Medicare formula. The bill which is expected to be passed by the Senate as early as this evening was passed by a voice vote in the House- a tactic employed to protect individual lawmakers from having to explicitly vote for the bill that faced last minute opposition from some physician groups such as the AMA. The bill contains some significant provisions, such as an additional year-long delay of switching to the ICD-10 coding system (currently set at Oct 1 2014) that will appease physician groups to a six-month additional delay in enforcement of the so-called “Two Midnights Rule,” which addresses hospitals’ concerns. Concerning many physician groups is a provision requiring the Secretary of Health and Human Services to target misvalued codes that might overvalue specialty procedures over primary care using sources independent from the AMA run committee known as the “RUC”. If HHS cannot lower physician spending by 0.5% annually, then an across-the-board cut is mandated until reaching the 0.5% reduction. Despite heavy lobbying against this and some other provisions, most Congressional analysts expect the Senate will pass the House bill quickly, in order to avoid responsibility for a delay in payments (Note: CMS has stated they will hold payments to physicians up to 10 business days if the cut is not patched).
- **Open Enrollment Ends, Insurer Implementation Issues Have Not:** Today marks the final day of the first open enrollment period to acquire health insurance on the federal exchange. Still, in [guidance](#) released last week, HHS said that those who are “in line” to sign up as of March 31st will be able to continue to attempt to sign up in a special enrollment period. This extended enrollment, intended to cope with the high volume expected in the final days of open enrollment, will [also](#) be available to those with “complex cases,” such as individuals undergoing major life events or those who are found ineligible for Medicaid but whose accounts were not transferred to the exchange by the deadline. President Obama [announced](#) that more than 6 million people have signed up for health insurance through the federal and state exchanges. He noted that there has been increased interest in advance of the March 31st deadline, with more than 1.5 million visits to healthcare.gov on Wednesday alone. After the conclusion of open enrollment, insurers have plenty more to worry about as a flurry of final rules are expected ranging from modified MLR calculations to application of the health insurance tax and the upcoming Medicare Advantage rules including rates and programmatic changes.

Implementation of the Affordable Care Act

SCOTUS Argues Contraception Mandate: The Supreme Court [heard oral arguments](#) about the ACA's contraception mandate in *Sebelius v. Hobby Lobby*. While the Court's female members seemed to strongly support the mandate, other members of the Court were skeptical of the government's case.

Senators Propose ACA Fixes: In an op-ed for POLITICO, Senators Heidi Heitkamp (D-ND), Mary Landrieu (D-LA), Mark Begich (D-AK), Mark Warner (D-VA), Angus King (I-ME), and Joe Manchin (D-WV) [proposed](#) several changes they would like to make to the ACA, including creating low-cost "copper plans" on the exchanges and developing models to sell health insurance across state lines.

Expansion Eligible are Healthier: A study [published](#) in Health Affairs found that those who are now eligible for Medicaid due to the ACA expansion are healthier than the traditional Medicaid population

ACA Closing Prescription Donut Hole: CMS [announced](#) that since the enactment of the ACA 7.9 million Medicare beneficiaries have saved more than \$9.9 billion on prescription drugs, an average of \$1,265 per beneficiary.

Nelson Proposes Florida Medicaid Expansion Alternative: Senator Bill Nelson (D-FL) [wrote a letter](#) to CMS Administrator Marilyn Tavenner asking her to alleviate state officials' concerns that expanding Medicaid in Florida would be too costly by approving the use of intergovernmental transfers to pay for the expansion, which would remove the state's fiscal obligation.

Ways and Means Accuses HHS of Withholding Data: The House Ways and Means Committee leaders Chairman Dave Camp (R-MI) and Subcommittee Chairman Kevin Brady (R-TX) [wrote a letter](#) to Department of Health and Human Services (HHS) Secretary Kathleen Sebelius stating that they have new evidence to show she does actually know how many individuals have paid their first month's premium in the health care exchanges and accusing her of misleading the committee. HHS denied the accusation, saying the data is sent directly to issuers and they do not yet have complete or final data.

State Run Exchanges Leading in Enrollment: The Robert Wood Johnson Foundation [released](#) a report which found that state-based health insurance marketplaces have had higher enrollment rates than the federally-facilitated ones. They attribute this difference to the fraught rollout of healthcare.gov.

Michelle Obama Promotes ACA on *The Bump*: First Lady Michelle Obama has [written a post](#) for the parenting and pregnancy website *The Bump*, promoting the ACA encouraging readers to enroll in a health insurance plan before the March 31st deadline.

Treasury Helps Domestic Abuse Victims: The Treasury Department [announced](#) that it has taken steps to allow victims of domestic abuse who are still married to their abuser to access the premium tax credit without filing a joint tax return.

ACA Consumers May Face Prescription Drug Limits: Avalere [released](#) a new report which found that consumers purchasing health insurance through the ACA exchanges are twice as likely to face utilization management controls on prescription drugs than individuals in employer-sponsored insurance plans.

House Oversight Questions State Exchange Security: In [letters](#) to ten states and the District of Columbia, Republicans on the House Oversight and Government Reform Committee expressing concerns about inadequate security testing prior to the state exchanges connecting to the federal data hub.

Other Federal Regulatory Initiatives

Douglas Brooks Named White House AIDS Director: President Obama [appointed](#) Douglas Brooks, MSW, as the director of the White House Office of National AIDS Policy (ONAP). Brooks, a person living with HIV, most recently served as Senior Vice President for Community, Health, and Public Policy at the Justice Resource Institute (JRI).

GAO Urges HHS to Advance Electronic Health Info Sharing: The Government Accountability Office (GAO) [released](#) a report urging HHS to address challenges to electronically exchange health information by developing milestones and time frames to better gauge progress.

CDC Finds Autism More Prevalent: The CDC [released](#) a study which found that one in 68 children aged 8 years old in 2010 had been diagnosed with autism spectrum disorder (ASD), 29% higher than the previous estimate that one in 88 children aged 8 years old had ASD.

CDC Releases Reports on Hospital Acquired Infections: The Centers for Disease Control and Prevention (CDC) [released](#) two reports which found that despite progress, ongoing efforts are needed to combat hospital acquired infections. According to the reports, approximately 1 in 25 U.S. patients contract an infection during a hospital stay.

Other Congressional and State Initiatives

Senators Urge Flat MA Payments: Five Republican Senators sent a letter to CMS Administrator Marilyn Tavenner, urging her to use all policy mechanisms available to keep Medicare Advantage (MA) payments flat in 2015, including preserving enhanced payments for diagnoses based on in-home health risk assessments.

Senate Leaders Support ABLE Act: Senate Majority Leader Harry Reid (D-NV) and Minority Leader Mitch McConnell (R-KY) [became co-sponsors](#) of the Achieving a Better Life Experience (ABLE) Act of 2013 to establish tax-exempt savings accounts for individuals with disabilities.

Upcoming Hearings and Markups

Senate

On April 2, the Labor, Health and Human Services, Education and Related Agencies Subcommittee of the Senate Appropriations Committee will hold a hearing on proposed fiscal 2015 appropriations for the National Institutes of Health (NIH).

House

On April 1, the Health Subcommittee of the House Energy and Commerce Committee will hold a hearing titled "Examining Concerns Regarding FDA's Proposed Changes to Generic Drug Labeling."

On April 3, the Health Subcommittee of the House Energy and Commerce Committee will hold a hearing on the Helping Families in Mental Health Crisis Act of 2013.

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