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HEALTH CARE REFORM UPDATE May 20th, 2013

Implementation of the Affordable Care Act

On May 13th Republicans on the House Energy and Commerce Committee issued a report suggesting that new individual insurance plan costs could rise by over 400% because of the ACA. The Committee majority, which requested analyses from 17 insurance companies, suggests that individual consumers in 90% of states will experience a premium increase. The report is available [here](#). Democratic staff on the Committee released a memo suggesting that the report is deeply flawed because it does not address tax credits provided within the individual market. The Democratic memo can be found [here](#).

On May 13th members of the Start Over! Coalition wrote to members of the House to request a full repeal of the ACA. The group of over 250 business owners said the ACA will turn full-time jobs into part-time employment and cost American taxpayers billions of dollars. The letter is available [here](#).

On May 13th PricewaterhouseCoopers (PwC) released a report on the tax advantages for companies that offer health insurance to employees. The report analyzes the status of employer-sponsored insurance following health care reform in Massachusetts, and PwC suggests that the employer mandate under the ACA may be beneficial to businesses and employees. The report can be read [here](#).

On May 14th the Congressional Budget Office (CBO) released a report on updated budget projections for fiscal years 2013 to 2023. The CBO report states that about 20% of Americans who earn less than 138% of the federal poverty level (FPL) and are eligible for Medicaid expansion will not receive benefits because they live in states that have chosen not to use federal dollars to expand Medicaid. The report suggests that an increase in new Medicaid beneficiaries has the potential to decrease spending on tax credits provided to purchase insurance through the ACA exchanges. The CBO report can be found [here](#).

On May 15th House Ways and Means Subcommittee on Health Chairman Kevin Brady (R-TX) and Subcommittee on Oversight Chairman Charles Boustany (R-LA) sent a letter to HHS Secretary Sebelius with questions on how the ACA navigator program will comply with the Health Insurance Portability

and Accountability Act (HIPAA) and how private information will be protected. The letter also asks about the qualifications necessary to be a navigator. The letter is available [here](#).

On May 15th CBO Director Douglas Elmendorf wrote to House Budget Committee Chairman Paul Ryan (R-WI) regarding a request for the CBO to issue a report on the cost of ACA repeal. Elmendorf said that his group would be unable to provide a new budgetary estimate because of the significant time that such an analysis would require. However, Elmendorf referred to a July 2012 analysis, which suggests that a repeal of the ACA would increase budget deficits by \$109 billion from 2013-2022. The letter can be found [here](#).

On May 15th HHS announced the second round of its Health Care Innovation Awards program. The program will offer a total of \$1 billion in awards to projects that test new payment and service delivery models to provide better care and lower costs for Medicare, Medicaid and Children's Health Insurance Program (CHIP) enrollees. Applications for funding will be accepted until August 15, 2013. Details on the program can be found [here](#).

On May 15th the American Dental Association (ADA) launched a new initiative to reduce the number of Americans with untreated dental disease. The ADA notes that too many people are going to the emergency room for urgent dental care, and that the ACA does not do enough to provide dental care to adults. A release from the ADA can be read [here](#).

On May 16th House and Senate Republicans sent a letter to the Government Accountability Office (GAO) requesting an investigation into Secretary Sebelius' actions to raise funds for the purpose of encouraging Americans to enroll in ACA programs. The Republicans suggest Secretary Sebelius may have violated the Antideficiency Act, although officials within the Obama Administration contend that Secretary Sebelius is allowed to seek donations from organizations that do not operate primarily within the health care sector. The letter from the Republicans is available [here](#).

On May 16th the House voted, for the 37th time, to repeal the ACA. The vote was 229-195, with Democratic Representatives Jim Matheson (UT) and Mick McIntyre (NC) supporting repeal. An article on the vote, which was largely seen as a symbolic way for House freshmen to voice their opposition to the ACA, is available [here](#).

On May 17th judges on the 4th Circuit Court of Appeals heard Liberty University's challenge to the contraceptive mandate within the ACA. Liberty reiterated its claim that the mandate violates the school's religious freedom. The university also argued that Congress went beyond its authority by including the provision in the ACA. Additional details on the case can be found [here](#).

On May 17th the American Action Forum (AAF) released a poll on young adults, insurance coverage, and the ACA. The AAF poll results suggest that a majority of U.S. young adults do not believe they will be helped by the ACA; additionally, 64% of respondents said the ACA would result in increased insurance costs. More than a third of respondents said they would drop insurance and pay the fine under the ACA mandate if insurance premiums increase by more than 20%. The results can be viewed [here](#).

On May 17th HHS issued an interim final rule on the payment rates for the federally-administered Pre-Existing Condition Insurance Plan (PCIP). PCIP will conclude at the end of 2013, when people with

pre-existing conditions will be able to move onto the ACA insurance exchanges. The payment rates, most of which are set at 100% of Medicare reimbursement rates, are set to take effect on June 15th. Details on the final rule are available [here](#).

On May 17th HHS issued a final rule with new medical loss ratio (MLR) requirements for the Medicare Advantage (MA) and Medicare Part D programs. MA organizations and Medicare Part D sponsors are required to have an MLR of at least 85%. Failure to meet the 85% threshold can result in a prohibition on enrolling new members or contract termination. The final rule can be found [here](#).

On May 17th HHS indicated that just 10 of the 27 states that had been running their own PCIP programs will continue to do so through the end of 2013. On May 10th states reached a deadline to inform CMS whether or not they would accept a new PCIP contract that requires states to operate in a fixed funding amount for the remaining duration of the program. The latest details on the status of PCIP are available [here](#).

Other HHS and Federal Regulatory Initiatives

On May 14th Attorney General Eric Holder and HHS Secretary Sebelius announced that the Medicare Fraud Strike Force operation has resulted in charges against 89 individuals involved in nearly \$223 million in false billings. A release from the Department of Justice (DOJ) is available [here](#).

On May 16th the Centers for Medicare and Medicaid Services (CMS) announced an open period for organizations to apply for participation in Model 1 of the Bundled Payments for Care Initiative. The initiative seeks to bring providers together to work in a coordinated and person-centered manner. Model 1 is the first in a four-step payment model testing process. The notice on participation within the program is available [here](#).

On May 16th the Centers for Disease Control and Prevention (CDC) released a report on mental health disorders among American children. The report notes that up to 20% of U.S. children have mental disorders. Nearly \$250 billion is spent on children's mental health each year, according to the CDC. The full report is available [here](#).

Other Congressional and State Initiatives

On May 10th 16 Senators wrote to CMS Administrator Marilyn Tavenner with concerns over the use of preferred pharmacy networks in Medicare Part D. The letter states that smaller pharmacies are being left out of these networks, a move that is resulting in higher prices and restricted drug access for some beneficiaries. The letter can be found [here](#).

On May 13th a bipartisan group of four Pennsylvania lawmakers wrote to Administrator Tavenner to request the extension of the Medicare Coordinated Care Demonstration (MCCD) Project. Senators Pat Toomey (R) and Bob Casey (D) and Representatives Mike Fitzpatrick (R) and Allyson Schwartz (D) said the MCCD has high beneficiary approval and has resulted in significant Medicare savings. The MCCD is set to expire at the end of June. The letter to Administrator Tavenner is available [here](#).

On May 15th the Senate approved the nomination of Marilyn Tavenner to run CMS. The vote was 91-7, with Minority Leader Mitch McConnell (R-KY) among the seven opposing the nomination. Tavenner

is the first confirmed CMS administrator to fill the role since 2006. Details on the vote are available [here](#).

On May 15th the House Energy and Commerce Committee passed H.R. 1919, a bill on tracking drugs within the pharmaceutical distribution supply chain. Several amendments were offered by Democrats on the committee, but all these amendments were rejected. Details on the vote and a video replay of the mark-up are available [here](#).

On May 15th Chairman Tom Harkin (D-IA), Ranking Member Lamar Alexander (R-TN), and other Senators on the HELP Committee introduced legislation to provide the Food and Drug Administration (FDA) with increased regulatory authority regarding compounding pharmacies. The bill also creates a 'compounding manufacturer' drugmaker category. The text of the proposed bill is available [here](#).

On May 16th House Republicans issued recommendations to cut funding at HHS by nearly 20% in fiscal year 2014. Under the proposal \$121.8 billion would be provided for the Labor, Education and Health and Human Services Departments. An article on the proposed cut in discretionary spending is available [here](#).

On May 15th the Senate Appropriations Health Subcommittee held a hearing on the fiscal year 2014 budget for the National Institutes of Health (NIH). NIH Director Francis Collins appeared before the subcommittee to present the agency's budget request. Director Collins' testimony and a video replay of the hearing are available [here](#).

Other Health Care News

On May 14th the Institute of Medicine (IOM) released a report on salt intake among Americans. The IOM notes that while the average American adult eats too much salt – about 3,400 milligrams per day – going too far below the recommended 2,300 daily milligrams could have other negative health effects. The report is available [here](#).

Hearings and Mark-Ups Scheduled

Senate

On May 22nd the Senate HELP Committee will hold a mark-up to consider the Pharmaceutical Compounding Quality and Accountability Act and the Drug Supply Chain Security Act. Details on the meeting are available [here](#).

On May 22nd the Senate Homeland Security and Government Affairs Subcommittee on Financial and Contracting Oversight will hold an oversight hearing on business practices of durable medical equipment companies. Additional information can be found [here](#).

On May 23rd the Senate Homeland Security and Government Affairs Subcommittee on Efficiency and Effectiveness of Federal Programs and the Federal Workforce will hold a hearing titled "Improving Federal Health Care in Rural America: Developing the Workforce and Building Partnerships." Additional details can be found [here](#).

On May 22nd the Senate Special Aging Committee will hold a hearing on the Medicare Prescription Drug Program. Additional details can be found [here](#).

House of Representatives

On May 20th the House Energy and Commerce Subcommittee on Oversight and Investigations will hold a hearing titled “Health Insurance Premiums Under the Patient Protection and Affordable Care Act.” Additional details can be found [here](#).

On May 21st the House Ways and Means Health Subcommittee will hold a hearing on President Obama’s and other bipartisan proposals to reform Medicare. More information on the hearing can be found [here](#).

On May 21st the House Veterans’ Affairs Health Subcommittee will hold a hearing on several pieces of draft legislation relating to veterans health benefits and mental care. Details on the hearing are available [here](#).

On May 21st the House Oversight and Government Reform Subcommittee on Economic Growth, Job Creation and Regulatory Affairs and Subcommittee on Energy Policy, Health Care, and Entitlements will hold a hearing titled “Examining the Concerns about ObamaCare Outreach Campaign.” Additional details can be viewed [here](#).

On May 22nd the House Energy and Commerce Subcommittee on Oversight and Investigations will hold a hearing titled “Examining SAMHSA’s Role in Delivering Services to the Severely Mentally Ill.” Additional details can be found [here](#).

On May 23rd the Health Subcommittee of House Energy and Commerce Committee will hold a hearing titled “Examining Drug Compounding.” Additional details are available [here](#).