



ML Strategies Update

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Health Care Update

- **CMS takes Another Swipe at Costs through DME Prior Authorization Demos:** The Centers for Medicare & Medicaid Services (CMS) announced last week an expansion of the *prior authorization for power mobility devices* demonstration to an additional 12 states. CMS will also institute prior authorization demonstrations for hyperbaric oxygen therapy and scheduled non-emergency ambulance trips. The agency [released a proposed rule](#) on Thursday, May 22nd, that would establish a prior authorization process for certain durable medical equipment prosthetics, orthotics, and supplies items that are considered by the agency to be frequently subject to unnecessary utilization. CMS is soliciting public comments on the proposed prior authorization process, as well as criteria for establishing a list of durable medical items that should be subject to the new prior authorization process. The deadline to submit comments is July 28, 2014.

The expansion of the prior authorization demonstration is yet another potential headwind for an industry that has faced immense reimbursement pressures through various cost-cutting initiatives such as the CMS DME competitive bid program. Despite bipartisan concern from the House of Representatives, CMS pushed ahead with DME competitive bidding and has indicated that they intend to expand/accelerate the program where possible.

One positive sign for DME suppliers is that the Senate has started to weigh in, most recently via a [bipartisan letter](#), signed by 39 senators led by Senators John Thune (R-SD), Robert Casey (D-PA) and John Hoeven (R-ND), that called on the Administration to hold any expansion of the competitive bid program until after the HHS OIG has completed its report on competitive bid Round 2. The report was initiated after House members asked CMS to see if some contracts were awarded to unlicensed suppliers in order to hit a set price for DME. The [OIGs report on Round 1](#) published this past April found no significant red flags.

Implementation of the Affordable Care Act

Committee Questions Incorrect Subsidy Payments: Republican Members of the House Energy and Commerce Committee [sent letters](#) to the Department of Health and Human Services (HHS), Serco, Inc., Accenture, and CGI requesting information regarding reports that inaccurate subsidy payments were made to more than one million Americans.

Committee Asks Treasury to Halt Payments: Republican Members of the House Ways and Means Committee [sent a letter](#) to Treasury Secretary Jacob Lew, demanding that the Treasury stop unverified payments to health insurers, citing a report indicating that inaccurate subsidy payments were made to more than one million Americans.

House, Senate Question Medicaid Application Backlog: Republican leaders of the House Energy and Commerce Committee, Senate Finance Committee, and Senate Health, Education, Labor, and Pensions Committee [sent a letter](#) to CMS Administrator Marilyn Tavenner regarding the backlog of paper Medicaid applications.

Bill Introduced to Delay Employer Mandate: Republican Members of the House and Senate [introduced](#) the Certify It Act, which would require the CMS and Government Accountability Office (GAO) to conduct annual studies on the impact of the Affordable Care Act (ACA) on small businesses and jobs. If the ACA is projected to have a negative impact, the bill would delay the employer mandate for the next year.

Dems Fight Back On Insurance Premiums: Democratic Members of the House Energy and Commerce Committee have [issued](#) a report on Republican claims that health insurance premiums will skyrocket. They found that consumers could have lower premiums by switching plans, that premium increases are lower than they were before the ACA, and that the proposed premiums could be reduced by state regulators.

Premium Increases Will Be Moderate: The Robert Wood Johnson Foundation and the Urban Institute [released](#) a brief stating that while premiums may increase, particularly in less competitive markets, it is more likely that premium increases will be moderate and will not grow by double-digits.

MLR Benefits Report: Chairman of the Senate Committee on Commerce, Science, and Transportation Jay Rockefeller [released](#) a staff report on the benefits of the Minimum Medical Loss Ratio provision of the ACA.

Uninsured Still Want Insurance: Enroll America [released](#) a new survey which found that 61 percent of those who did not enroll for coverage during the ACA's open enrollment period wanted to enroll, but didn't find anything, meant to sign up and neglected to, or didn't know they could sign up.

Other Federal Regulatory Initiatives

NIH Accused of Interference: Documents [obtained](#) by Public Citizen allegedly show that the National Institutes of Health (NIH) was interfering with the findings of an independent inquiry into serious ethical lapses in an NIH trial, and that HHS officials in the Office of the Secretary and Office of the Assistant Secretary for Health knew about the interference. Public Citizen and Representative Rosa DeLauro (D-CT) are calling for an investigation.

CMS Extends EHR Meaningful Use Timeline: CMS [issued](#) a proposed rule which would extend Stage 2 of the Electronic Health Record (EHR) Meaningful Use program through 2016 and delay the start of Stage 3 of the program until 2017, citing timing and certification problems.

CMS Issues Medicare Advantage/Part D Rule: CMS [issued](#) a final rule for the Medicare Advantage program and Part D program. Doctors prescribing drugs for Part D patients must now enroll in Medicare and CMS now has the authority to revoke a doctor's Medicare eligibility if they engage in abusive prescribing practices. In addition, pharmacy benefit managers will have to list their maximum allowable costs to pharmacies.

CMS Announces Health Care Innovation Awards Round 2: CMS [announced](#) the first batch of prospective

recipients for the Health Care Innovation Awards Round Two, which could potentially fund a combined \$110 million in grants to drive health care delivery reform. The finalists will be announced in the coming months.

Spending on LTSS Remains Stable: CMS [issued](#) a report which found that there was little or no growth in national Medicaid spending for long-term services and supports (LTSS) in FY 2012, the second consecutive year in a row.

CFPB Finds Medical Debt Overly Penalizes Credit: The Consumer Financial Protection Bureau (CFPB) [released](#) a study which found that consumers' credit scores may be overly penalized for medical debt that goes into collections and appears on their credit report.

HHS Cybersecurity Sufficient: In response to the "Improving Critical Infrastructure Cybersecurity" Executive Order, HHS has [issued](#) a report stating that additional oversight of their cybersecurity from outside of the Department would not be appropriate or recommended.

Foster Children Need More Drug Oversight: A new report by the GAO [recommends](#) that HHS issue guidance to states encouraging them to provide better oversight of psychotropic medication prescribing to foster children.

Other Congressional and State Initiatives

GOP Senators Praise Meaningful Use Extension: Senators Lamar Alexander (R-TN), John Thune (R-SD), Richard Burr (R-NC), Mike Enzi (R-WY), and Pat Roberts (R-KS) [praised](#) CMS for its decision to extend Stage 2 of the EHR Meaningful Use program, something they had previously requested.

Murphy Releases Mental Health Report: Representative Tim Murphy (R-PA) [released](#) a report on federal programs that address severe mental illness (SMI), which found that those most in need of treatment are least likely to get the medical help they need.

Other Health Care News

Doctors want mHealth Linked to EHRs: A new survey from MedData Group [found](#) that two-thirds of doctors use some sort of mobile application, and 60% indicated they were interested in mobile applications which would enable them to access EHRs.

Consolidation May Not Increase Costs: A new report [published](#) in Health Affairs finds that hospital consolidation may not lead to higher costs when health care costs are growing at unusually slow rates and there are models to streamline services and decrease waste.

Upcoming Hearings and Markups

House

On May 28th, the Health Subcommittee of House Energy and Commerce Committee will [mark up](#) pending health legislation.

On May 29th, the Human Resources Subcommittee of the House Ways and Means Committee will hold a [hearing](#) titled "Caring for Our Kids: Are We Overmedicating Children in Foster Care?"

On May 30th, the Western Hemisphere Subcommittee of the House Foreign Affairs Committee will [mark up](#) the Western Hemisphere Drug Policy Commission Act.

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