



ML Strategies Update

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Health Care Update

- **Congress Seeking Policy Ideas to Support Telehealth:** On May 1st, the House Energy and Commerce Subcommittee on Health held a hearing on how new technologies can increase access, improve quality, and lower costs for health care. Both Republicans and Democrats praised the promise of telehealth and stated their intent to focus on supporting these new technologies as a major focus of the Committee's work in the coming years. Some obstacles to the adoption and proliferation of new technologies were discussed, such as Medicare reimbursement and state licensure rules. Seeking more input, the [Subcommittee requested public comment](#) on policy recommendations that Congress could consider to spur health care technology that can improve health delivery and help patients. The hearing came fresh off the heels of the Federation of State Medical Boards ("FSMB") [adopting a Model Policy for the Appropriate Use of Telemedicine Technologies in the Practice of Medicine](#). The Model Policy addresses many of the concerns of state medical boards in addressing telemedicine practice, including establishing a physician-patient relationship, ensuring HIPAA compliance and patient privacy, and prescribing drugs based on a telemedicine encounter. Although the Affordable Care Act (ACA) will remain contentious issue leading up to the midterms, many health care stakeholders Congress will next turn to reining in health spending – and there appears to be bipartisan consensus to examine how technology – including telehealth – can help to drive down health care costs.
- **Solvaldi Spurs Larger Debate on Costs and Role of Medicaid:** As we [have noted](#) since Democratic lawmakers started to amplify scrutiny on the high cost of the Hepatitis C/advanced liver disease drug, Solvaldi, the issue of how to control rising costs, due to innovative new therapies is once again front and center. Following last month where [clinical societies and payers came together](#) to form algorithms to determine clinical and cost effectiveness of cancer therapies, the focus has elevated even higher: to the role that taxpayer funded health care programs like Medicaid, Medicare, and TRICARE should play. Last week, the California Technology Assessment Forum Panel found that despite the evidence that many patients would benefit from Solvaldi treatment, the \$84,000 cost for a 12 week treatment is a cost burden on already strained tax-payer funded insurance programs that represent a trend as more next generation biopharmaceutical therapies hit the market. The recommendations from the panel follow the standards approaches to cost containment: prior authorization, clinical guidelines, and other issues but policymakers are still left with the issue of how to pay for drugs that may improve or even cure patients of terrible diseases, but are significantly more expensive than current treatments.

Implementation of the Affordable Care Act

June 1 Deadline for States to Scrap Exchanges: A report [published](#) by Nevada's state health exchange indicates that states that want to scrap their failing exchanges and allow the federal government to take over must submit details for the transition by June 1.

Study Shows Lack of Transparency on Drug Coverage: Avalere Health [released](#) an analysis showing that drug formularies are very or moderately accessible in only 52% of plans on the exchanges, and 38% of plans had no drug formulary data available.

Only 67% Paid Premiums: The House Energy and Commerce Committee majority [announced](#) that as of April 15, only 67% of individuals and families who selected a plan through the exchanges have paid their first month's premium, based on enrollment data they requested from insurance providers.

WellPoint Enrollment Soars: Speaking on its [earnings report](#), Wellpoint CEO Joe Swedish announced in a conference call that approximately 600,000 people signed up for the plans it offered through the exchanges and approximately 100,000 enrolled in their Medicaid plans. WellPoint's net income slid 21% in the first quarter as a result of administrative changes.

House Passes ACA Expat Fix: The House [passed](#) the Expatriate Health Coverage Clarification Act (H.R. 4414). The bill was supported by some business groups, including [Business Roundtable](#), but opposed by some labor and immigration groups, including the [National Immigration Law Center](#). The White House [opposes](#) the bill for reducing consumer protections, but did not state whether or not the President would veto the bill.

Other Federal Regulatory Initiatives

CMS Issues Final Prospective Payment Rule: Centers for Medicare & Medicaid Services (CMS) has [issued](#) a final rule implementing payment rates for a prospective payment system for federally qualified health center services, allowing rural health clinics to contract with nonphysician practitioners, and implements changes to the Clinical Laboratory Improvement Amendments.

CMS to Use Fingerprint Background Checks: CMS [announced](#) that it will be implementing fingerprint-based background checks for providers and suppliers of home health and durable medical equipment in the Medicare program.

CMS Sets ICD-10 Compliance Date: CMS [announced](#) that it will require the use of ICD-10 billing code system beginning on October 1, 2015.

CMS Proposes Updated Rates: CMS issued three proposals for increasing payment rates for [skilled nursing facilities](#), [inpatient psychiatric facilities](#), and [inpatient rehabilitation facilities](#).

Premature Deaths Preventable: The Centers for Disease Control and Prevention (CDC) [released](#) a study which found that 40% of the nearly 900,000 deaths which occur each year due to heart disease, cancer, chronic lower respiratory diseases, stroke, and unintentional injuries are preventable.

Improper Payments Cost Medicare \$50 Billion: HHS Deputy Inspector General Gloria Jarmon [testified](#) before the House Ways and Means Committee that improper payments cost Medicare approximately \$50 billion in 2013.

FDA Approves Zykadia: The Food and Drug Administration (FDA) [approved](#) Zykadia, a breakthrough therapy drug for late-stage lung cancer, four months ahead of the review completion goal date. It is the fourth drug with breakthrough therapy designation to receive FDA approval.

Other Congressional and State Initiatives

Republican Reps Request Hold on Burwell Nomination: Republican Representatives from Louisiana [sent a letter](#) to their Senate counterparts asking them to place a hold on the nomination of Sylvia Burwell for Secretary of HHS until she promises to grant individual exemptions to the ACA's mandates.

Energy and Commerce Launches Medical Cures Initiative: House Energy and Commerce Committee Chairman Fred Upton (R-MI) and member Diana DeGette (D-CO) [launched](#) the 21st Century Cures Initiative to accelerate the pace of cures and medical breakthroughs in the U.S. The initiative has already released a [white paper](#) on the discovery, development, and delivery of new treatment and cures.

Senator Combats Antibiotic Resistant Infections: Senator Sherrod Brown (D-OH) [introduced](#) the Strategies to Address Antimicrobial Resistance (STAAR) Act, which will encourage federal antimicrobial resistance surveillance, prevention and control, and research efforts.

Committee Examines Rx and Heroin Abuse: The House Energy and Commerce Committee [held](#) a hearing to discuss how over prescription of pain killers can lead to prescription drug abuse, eventually resulting in heroin addiction.

Other Health Care News

Pfizer Proposes to Takeover AstraZeneca: Pfizer Inc. [proposed](#) a takeover to AstraZeneca worth approximately \$100 billion. Pfizer was rebuffed, with AstraZeneca suggesting the offer undervalued the company very significantly. AstraZeneca then rejected a second offer of \$106.43 billion on Friday, but Pfizer is expected to continue to pursue a takeover.

Upcoming Hearings and Markups

House

On May 6th, the House Energy and Commerce 21st Century Cures initiative will host a [roundtable](#) on the state of biomedical innovation in the United States.

On May 7th, the House Energy and Commerce Subcommittee on Oversight and Investigations will hold a [hearing](#) titled "PPACA Enrollment and the Insurance Industry."

Senate

On May 7th, the Senate Appropriations Subcommittee on Labor, Health and Human Services, Education and Related Agencies will hold a [hearing](#) to consider the proposed FY2015 Labor-HHA-Education Appropriation.

On May 8th, the Senate Health, Education, Labor and Pensions Committee will hold a [hearing](#) to consider the nomination of Sylvia Mathews Burwell to be Secretary of HHS.

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