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HEALTH CARE REFORM UPDATE

July 18, 2011

Implementation of the Affordable Care Act (ACA)

On July 13th Secretary Sebelius testified during a hearing before the Energy & Commerce Subcommittee on Health that President Obama was consulting with potential nominees to the Independent Payment Advisory Board (IPAB). More information on the hearing can be found [here](#).

On July 13th Hawaii Governor Neil Abercrombie (D) signed legislation into law that will align Hawaii's health care system with the ACA. The new legislation removed language from the Hawaii law that would have terminated the state's initiative once a federal health reform structure was put in place. More information on the law can be found [here](#).

On July 14th the GAO released a report that lists all of the HHS implementation contracts that have been awarded under the Affordable Care Act as of April 15th, 2011. The list also includes the consultants who have been retained by the department to help them implement the law. This report was required under the final continuing resolution that was passed by Congress for the rest of the 2011 fiscal year. The GAO report can be found [here](#).

On July 14th HHS and the Department of Education announced \$95 million in funding for 278 school-based health programs provided by the ACA. These funds are meant to be used for capital improvements to increase capacity in the clinics by 50 percent and expand health care services at schools nationwide. More information on the school based health center programs can be found [here](#). The list of grantees can be found [here](#).

On July 14th Sens. Ben Nelson (D-NE) and Pat Roberts (R-KS) introduced bipartisan legislation to repeal the provision of the ACA that requires people to get a prescription from a doctor in order to use money in their tax-free health spending accounts to buy over-the-counter drugs. More information on the proposed legislation can be found [here](#).

On July 15th Illinois Governor Pat Quinn (D) signed the state's health insurance exchange legislation into law. The law creates a study committee to learn how best to create and implement an exchange and requires the exchange to be created by October 1, 2013.

On July 15th HHS updated the list of organizations that have been approved to receive annual limit waivers, bringing the total number of waivers issued to 1,471. Shortly after, Sen. John Barrasso (R-WY) announced he will introduce a bill that will allow all Americans to apply for a waiver from the ACA.

Today, on July 18th, just a week after HHS released its much anticipated insurance exchange proposed rule, CMS released its proposed rule under the ACA to encourage the creation of Consumer Operated and Oriented Plans (CO-Ops) along with \$3.8 billion in loan financing to help capitalize their operation. According to administration officials, these plans will help inject competition and accountability into the marketplace. The CMS press release, along with a link to the full text of the Notice of Proposed Rulemaking, can be found [here](#).

Other HHS and Federal Regulatory Initiatives

On July 11th President Obama released a new Executive Order calling on federal agencies to come up with a plan within 120 days to review old regulatory rules and to replace them if they are outdated. The president also released a memorandum to federal agencies calling the rule review an opportunity to “change the ways of Washington.” The Executive Order can be found [here](#). The memorandum to federal agencies can be found [here](#).

On July 11th the National Institutes of Health (NIH) through the National Institute of Allergy and Infectious Diseases announced grants to be awarded to three research teams focused on developing strategies to eradicate HIV within the body. The funding is a part of the Martin Delaney Collaboration designed to foster public-private partnerships to speed up progress toward an HIV cure. More information on the announcement can be found [here](#).

On July 12th the Food and Drug Administration (FDA) issued a new draft guidance to facilitate the development and review of companion diagnostics, tests used to help health care professionals determine whether a particular patient should receive a drug therapy or how much of a drug to give. More information on the draft guidance can be found [here](#).

On July 13th the NIH announced findings from a study showing a reduction in death for men with intermediate-grade prostate cancer. The results were seen with use of short-term hormone therapy in combination with radiation therapy. The study was published in the July edition of the *New England Journal of Medicine*. More information on the study can be found [here](#).

On July 13th HHS partnered with Vice President Joe Biden and White House Office of Science and Technology Policy and Health to launch the “Apps Against Abuse” technology challenge. The initiative is focused on developing a software application that can provide young adults with tools to help prevent sexual assault and dating violence. More information on the challenge can be found [here](#).

On July 15th HHS announced the winners of the 2011 Healthy Living Innovation Awards. The initiative awards programs that have demonstrated a significant impact on the health of a community within the past three years. More information on the awards can be found [here](#).

Other Congressional and State Initiatives

On July 11th Reps. Henry Waxman (D-CA) and Sander Levin (D-MI), Ranking Members of the House Energy & Commerce and Ways & Means Committees respectively, circulated a “Dear Colleague” letter asking for support for their jointly-sponsored Medicare Drug Savings Act of 2011 (H.R. 2190). The bill, with 8 Democratic co-sponsors, remove provisions in the Republicans’ Medicare Modernization Act of 2006 that moved coverage of dual-eligible beneficiaries to Medicare and eliminated Medicaid rebates paid by manufacturers of drugs used by them. The bill also requires that manufacturers pay the rebates for dual eligible and low-income Part D enrollees. More information on the bill H.R. 2190 can be found [here](#).

On July 12th House Energy & Commerce Committee Chairman Fred Upton (R-MI) sent a letter to Secretary Sebelius detailing his concerns with the Administration's medical malpractice reform policy. In his letter, Chairman Upton claims the Administration is avoiding tackling the issue. The letter can be found [here](#).

On July 12th a bipartisan group of lawmakers led by Rep. Michael Burgess (R-TX) introduced legislation amending the American Recovery and Reinvestment Act of 2009 to provide multi-campus hospital systems that implement health IT systems according to 'meaningful use' rules with a boost in funding to take into account their higher implementation costs. A press release on the bill can be found [here](#).

On July 15th Massachusetts Governor Deval Patrick (D) wrote to congressional leaders in opposition to a debt limit deal that could include cuts to Medicaid spending and Medicare funding to graduate medical education. In his letter, Governor Patrick claimed that the proposals could cost his state \$400 million in revenue.

On July 15th members of the Congressional Task Force on Seniors wrote a letter to President Obama urging him to continue opposition to any debt reduction plans that include harmful cuts, or reduction in benefits, to Medicare, Medicaid, and Social Security. The full text of the letter can be found [here](#).

Other Health Reform News

On July 12th PricewaterhouseCoopers published a report showing more than half of health insurance executives said their companies plan to compete in the individual or small group exchanges, and nearly one third are considering it but have not yet decided. Seventeen percent of insurers do not intend to participate. On average, insurers expect it will take approximately 15 months to get their businesses ready for exchange certification by the federal government. Forty percent expect it to take 18 months, and 20 percent believe it will take two to two and a half years before they are ready. More information on the report can be found [here](#).

On July 13th the Institute of Medicine released a report on expanding oral health care to underserved populations. The report recommends "changing funding and reimbursement for dental care; expanding the oral health work force by training doctors, nurses, and other non-dental professionals to recognize risk for oral diseases; and revamping regulatory, educational, and administrative practices." More information on the report can be found [here](#).

On July 13th the Commonwealth Fund and Harvard University published a joint study in the *New England Journal of Medicine* outlining the potential of a global, capitated payment system to improve care quality and save money simultaneously based off of a demonstration project with a Blue Cross Blue Shield of Massachusetts program. The payment system developed by Blue Cross Blue Shield of Massachusetts, called the Alternative Quality Contract, resulted in marginally lower overall medical spending and improved quality of care in its first year of use according to the study. More information can be found [here](#).

On July 13th the Urban Institute released a report showing that state governments benefit more than the federal government in the implementation of the ACA. The report finds that states will spend \$92-129 billion less from 2014-2019 with implementation because of a reduction in the uninsured population and increasing federal support. More information on the report can be found [here](#).

On July 14th the Employee Benefit Research Institute released a new study that shows that union workers were less likely to lose their health insurance than non-union workers during the recession. The study showed that overall, the percentage of union workers with any employment-based coverage fell from 93.4 percent to 91 percent, while among non-union workers coverage fell from 74.3 percent to 70.6 percent. More information on the study can be found [here](#).

Hearings scheduled

House of Representatives

On Wednesday, July 20th at 10:30 a.m., in room 2322 of the Rayburn House Office Building, the Energy & Commerce Subcommittee on Oversight and Investigations will hold a hearing entitled, “FDA Medical Device Regulation.”

On Thursday, July 21st at 10:00a.m., in room 2123 of the Rayburn House Office Building, the Energy & Commerce Subcommittee on Health will hold a hearing entitled, “Legislative Hearing to Address Bioterrorism, Controlled Substances and Public Health Issues.”

On Thursday, July 21st at 10:00a.m., in room 1300 of the Longworth House Office Building, the Agriculture Subcommittee on Nutrition and Horticulture will hold a hearing entitled, “Agricultural Program Audit: Examination of Title IV Nutrition Programs.”

Senate

On Thursday, July 21st at 2:00 p.m., in room 106 of the Dirksen Senate Office Building, the Special Aging Committee will hold a hearing entitled, “Reducing Medicare Drug Costs.”