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Tom Koutsoumpas, TKoutsoumpas@mlstrategies.com
Jeremy Rabinovitz, JRabinovitz@mlstrategies.com
Alexander Hecht, AHecht@mlstrategies.com
Kevin M. Kappel, KMKappel@mlstrategies.com
Benjamin J. Schorr, BJSchorr@mlstrategies.com

ML Strategies, LLC
701 Pennsylvania Avenue, N.W.
Washington, D.C. 20004 USA
202 434 7300
202 434 7400 fax
www.mlstrategies.com

HEALTH CARE REFORM UPDATE August 15, 2011

Leading the news

Over the course of the last week, party leaders in the House and the Senate made their choices for the new *Joint Select Committee on Deficit Reduction*. Known as the “Super Committee”, this body will make recommendations for spending cuts totaling at least \$1.2 trillion over the next decade. Republican Senators Pat Toomey (PA), Rob Portman (OH), and Jon Kyl (AZ) will join Democratic Senators Patty Murray (WA), John Kerry (MA), and Max Baucus (MT). In the House, Republicans Dave Camp (MI), Fred Upton (MI), and Jeb Hensarling (TX) will join Democratic Congressmen Chris Van Hollen (MD), Xavier Becerra (CA), and Jim Clyburn (SC). The group of 12 Members is required to report its initial recommendations by November 23, 2011.

Implementation of the Affordable Care Act (ACA)

On August 8th CMS announced the results from the initial Physician Group Practice (PGP) demonstration project, an early initiative that helped shape the Accountable Care Organization (ACO) as outlined in the ACA. Seven out of ten of the participating groups met all 32 performance measures for the project while only four of ten qualified for shared savings. Those groups will split \$29.4 million in payments from the fifth year of the pilot. All ten sites will continue their programs under the new PGP Transition Demonstration for the next two years. More information about the demonstration project can be found [here](#).

On August 9th CMS announced a new demonstration program to provide states with more flexibility and resources for those Medicaid beneficiaries with mental illness. The Medicaid Emergency Psychiatric Demonstration provides up to \$75 million to states over three years as authorized under the ACA. More information on the demonstration can be found [here](#).

On August 9th HHS announced awards totaling \$28.8 million to over 60 community health center programs to help establish new health service delivery sites to improve health care delivery to underserved populations across the country. These funds, provided under the ACA, are focused at helping to increase access to health care services for underserved and vulnerable populations. More information on the awards can be found [here](#).

On August 9th Kansas Governor Sam Brownback (R) announced that the state of Kansas would be returning its Early Innovator grant distributed by HHS in February. The grant, totaling \$31 million, was supposed to be used to help build up the necessary infrastructure for a state health insurance exchange. Kansas now joins Oklahoma as the second state to return these funds to HHS. More information on the announcement can be found [here](#).

On August 12th HHS and the Treasury Department released three proposed rules which are aimed at making it easier and more affordable for consumers and small employers to enroll in health plans and to increase coordination in state exchanges between Medicaid and the State CHIPs to reduce administrative burdens to the states. More information on these rules can be found [here](#). That same day HHS awarded \$185 million to 13 states and the District of Columbia to help build the infrastructure needed to operate health exchanges. More information on the awards can be found [here](#).

On August 12th the 11th Circuit Court of Appeals in Atlanta ruled that the ACA mandate to compel individuals to purchase health insurance is unconstitutional but that the provision can be severed from the law leaving the rest of the law intact. The suit was brought to the court by 26 states and will likely be appealed by the Justice Department. The court ruled that upholding the mandate would result in granting undue limitless powers to the Congress despite the Administration insisting that the unique nature of health care warrants such a mandate. Also on August 12th, a federal court threw out a legal challenge to the ACA brought by a former California state lawmaker and the Pacific Justice Institute claiming that they had no standing to challenge the law.

On August 12th the Ohio Supreme Court rejected a challenge to petition collected by Tea Party groups to put the "Ohio Healthcare Freedom Amendment," which would allow Ohio residents to opt out of the individual mandate, on the ballot this fall. The 7-0 court opinion appears to clear the way for a vote on November 8th in the state.

Other HHS and Federal Regulatory Initiatives

On August 9th CMS announced that upwards of two million low-income Medicare beneficiaries are eligible for the Low-Income Subsidy Program but are not enrolled. The agency says that the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008 changed eligibility requirements because of changes to the way income and assets are counted. More information on the announcement can be found [here](#).

On August 12th the FDA and the State of Arkansas signed a Memorandum of Understanding to establish a joint center to enhance regulatory science. The purpose of the center is to provide the framework and infrastructure for joint research, educational training, and public engagement to promote public health. More information on the center can be found [here](#).

Other Congressional and State Initiatives

On August 9th the Congressional Budget Office released the official cost estimate of H.R. 1852, a bill to reauthorize children's hospital graduate medical education. The cost was estimated to be \$1.568 billion over four years, from 2012 to 2016. The bill was reported out of the House Energy & Commerce Committee at the end of July. More information on the CBO score can be found [here](#).

Other Health Reform News

On August 8th the Commonwealth Fund released a report from a survey of health care opinion leaders. The report concluded that most believe that traditional health care providers will continue to play a key role in serving vulnerable and underserved populations even after coverage expands in 2014 under the ACA. The survey also found that most respondents think the ACA will improve access and financial protections for these populations. The report can be found [here](#).

Hearings scheduled

The House and Senate are in Recess.