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## **HEALTH CARE REFORM UPDATE**

### **August 19, 2011**

**Please note that the next edition of this report will be delivered around the Labor Day holiday.**

#### Leading the news

As speculation continues to swirl around the looming work of the Super Committee, White House Office of Management and Budget Director Jack Lew sent a memo to all federal agencies asking them to lower their 2013 budget requests to show cuts of 5-10%. The move is a direct result of the recent debt reduction deal reached in the Budget Control Act of 2011. Director Lew asked agency heads to identify programs that could be cut and to double down on those that should be preserved and expanded for the greatest economic impact. A copy of the memo can be found [here](#).

The announcement by Director Lew precedes a major speech by President Obama, planned for shortly after Labor Day, on job creation and his plan to reduce the deficit. This speech will be directed at the general public and will challenge the “Super Committee” to go beyond the \$1.5 trillion it is mandated to produce. Some of these proposals may include tax breaks for businesses creating middle class jobs, tax increases for the wealthiest Americans, and eliminating corporate tax loopholes and subsidies.

#### Implementation of the Affordable Care Act (ACA)

On August 15<sup>th</sup> the Centers for Disease Control and Prevention awarded over \$49 million in grants to states and local health departments, partly funded through the ACA, to strengthen and build capacity to perform epidemiology and lab work, to detect health care associated infections, and to support immunization programs. The awards double the funding for such programs compared to 2010 levels. The State of Florida, which has refused most ACA funds, accepted \$1.26 million through these grants to combat infectious disease, state officials have said. More information about the awards can be found [here](#).

On August 15<sup>th</sup> the Internal Revenue Service and the Department of the Treasury posted temporary regulations providing guidance on the annual fee imposed on covered entities that manufacture or import prescription drugs. The fee, enacted under the ACA, will apply to those entities with over \$5 million in annual sales. More information on the temporary regulation can be found [here](#).

On August 16<sup>th</sup> Rebecca Pearce was named as the first Executive Director of the Maryland Health Benefit Exchange. Ms. Pearce previously worked for Kaiser Permanente and CareFirst BlueCross BlueShield in Maryland.

On August 17<sup>th</sup> the Obama Administration released a notice of proposed rulemaking in accordance with the ACA for a standard summary of insurance coverage and benefits that must be available to all consumers. There will be a 60-day period for public comment on the notice. That same day, the administration released a template for the coverage summary; instructions, sample language, and a guide for coverage examples calculations, for which there is also a 60-day period for comment. The notice of proposed rulemaking can be found [here](#). The draft template can be found [here](#).

#### Other HHS and Federal Regulatory Initiatives

On August 15<sup>th</sup> the FDA released guidance, which is now open to public comment, on the range of methods used by the agency to assess premarket approval applications for high-risk medical devices. The guidance can be found [here](#).

On August 18<sup>th</sup> HHS announced awards of \$40 million in grants to state agencies, community health centers, school-based organizations and non-profit groups to work to identify and enroll children eligible for Medicaid and CHIP. The grants are authorized under the CHIPRA OF 2009 and are a part of a total \$140 million that has been made available between CHIPRA of 2009 and the ACA for enrollment and renewal outreach. More information on the grants can be found [here](#).

#### Other Congressional and State Initiatives

On August 15<sup>th</sup> Reps. Ed Markey (D-MA) and Anna Eshoo (D-CA) wrote a letter to the GAO asking it to look at potential health issues that might arise due to interactions between wireless devices and medical implants and other medical equipment. They also asked for more detailed information on coordination between the FCC and FDA during the review process of these wireless medical devices. The letter can be found [here](#).

On August 16<sup>th</sup> the ACLU and the state chapters of Kansas and Western Missouri filed suit against the State of Kansas in federal district court, challenging a ban on abortion coverage in private health plans. More information about the lawsuit can be found [here](#).

On August 17<sup>th</sup> Roberta Bradford, Florida's top Medicaid official, resigned amid speculation over disputes with Florida Governor Rick Scott's (R) plan to move Medicaid recipients into managed care plans. Despite the speculation, Ms. Bradford insisted that her family was relocating. She will be replaced in the interim by the state agency's general counsel, Justin Senior.

#### Other Health Reform News

On August 17<sup>th</sup> the NIH released results from computational study analyzing genomic and drug data to predict new uses for drugs that are already on the market. More information on the study can be found [here](#).

On August 18<sup>th</sup> S&P released its health care economic indices report showing that the average per capita cost of private insurance and Medicare programs increased by 5.6 percent year over year as of June 2011. The majority of the increase was attributed to private plans while they noted a modest decrease in the Medicare Index of .18 percent. More information on the report can be found [here](#).

On August 18<sup>th</sup> the Robert Wood Johnson Foundation released the results of a study conducted through the Urban Institute that showed an increase in children eligible for public health insurance by 2.5 million between

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2008 and 2009 and an increase in the rate of participation in Medicaid and CHIP by 2.7 percent over the same period. The report can be found [here](#).

Hearings scheduled

*The House and Senate are in Recess.*