



**Tom Koutsoumpas**, TKoutsoumpas@mlstrategies.com  
**Jeremy Rabinovitz**, JRabinovitz@mlstrategies.com  
**Alexander Hecht**, AHecht@mlstrategies.com  
**Gary Bacher**, GEBacher@mintz.com  
**Kevin M. Kappel**, KMKappel@mlstrategies.com  
**Robert C. Skinner**, RCSkinner@mlstrategies.com  
**Joshua Booth**, JBooth@mintz.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 20, 2012

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

On August 13<sup>th</sup> the Government Accountability Office (GAO) released a study analyzing the potential effects of the ACA on employer-sponsored coverage. The study finds that there is likely to be little net change in the percentage of employers offering coverage due to the ACA. In contrast, the report notes that several recent surveys of employers have found that as many as 20 percent of employers intend to drop coverage. The findings of the study can be viewed [here](#). The actual GAO study can be found [here](#).

On August 13<sup>th</sup> *Kaiser Health News* (KHN) published a report finding that more than 2,000 hospitals will be penalized under the Medicare Readmissions Reduction Program. The program reduces Medicare payments to hospitals with excess readmissions. KHN estimates that hospitals will forfeit about \$280 million in Medicare funds over the next year through the program. Hospitals treating low-income patients will be among those hardest hit by the policies. The KHN report can be found [here](#). An additional KHN report describing the impact on hospitals treating low-income patients can be seen [here](#).

On August 14<sup>th</sup> the Center for Consumer Information and Insurance Oversight (CCIIO) released a finalized “blueprint” to be used by states seeking approval for their Health Insurance Exchanges. The blueprint outlines the options that states have in creating their own Exchanges or in partnering with the federal government to create an Exchange. It also describes the elements that a state must demonstrate in order to have its Exchange approved. The blueprint can be found [here](#).

On August 15<sup>th</sup> the Department of Health and Human Services (HHS) announced that it would be partnering with several major pharmacy chains to educate Medicare beneficiaries about the benefits available to them under the ACA. An HHS press release can be seen [here](#).

On August 16<sup>th</sup> HHS announced awards of \$48.8 million through the ACA’s Prevention and Public Health Fund to fight infectious diseases. The funds will go to state and local governments to

implement initiatives to prevent health care-associated infections, provide greater sharing of information, and boost public health efforts. An HHS news release can be found [here](#).

#### Other HHS and Federal Regulatory Initiatives

On August 14<sup>th</sup> HHS announced that it was awarding \$68 million to community-based organizations, university hospitals, and health departments to provide primary care to women, infants, and children with HIV/AIDS. An HHS news release can be seen [here](#).

On August 15<sup>th</sup> HHS released a progress report, *Ending the Tobacco Epidemic*, on the Tobacco Control Strategic Action Plan that highlights the accomplishments and strategies of the Obama administration to help tobacco users quit and prevent children from starting to use tobacco products. Over the last three years, HHS has accelerated efforts, taking a coordinated approach to achieve the Plan's goal of reducing the adult smoking rate to 12 percent by 2020. The HHS new release can be viewed [here](#). The report can be found [here](#).

#### Other Congressional and State Initiatives

On August 13<sup>th</sup> several Republicans on the House Energy & Commerce Committee sent a letter to HHS Secretary Kathleen Sebelius expressing concern that the Centers for Disease Control (CDC) was using funds from the ACA's Communities Putting Prevention to Work (CPPW) for inappropriate lobbying activities. The letter cites a recent alert from the HHS Office of the Inspector General expressing concern that certain publications by the CDC could allow CPPW grant recipients to use the funds for lobbying. The Republican letter to HHS can be seen [here](#).

#### Other Health Care News

On August 15<sup>th</sup> *Health Affairs* published a study finding a dramatic increase in the use of retail health care clinics. Visits to retail clinics increased fourfold from 2007 to 2009. However, the authors note that retail clinics still make up only a small share of all outpatient care. The study can be found [here](#).

On August 17<sup>th</sup> the Commonwealth Fund published a survey assessing hospitals' readiness to participate in Accountable Care Organizations (ACOs). The survey finds that only 13 percent of hospitals had plans to participate in an ACO. The survey also finds that 51 percent of planned ACOs are led by hospitals, while 21 percent are led by physician groups. The results can be found [here](#).

#### Hearings and Mark-ups Scheduled

*The Senate and the House of Representatives will be in recess until September 10, 2012.*