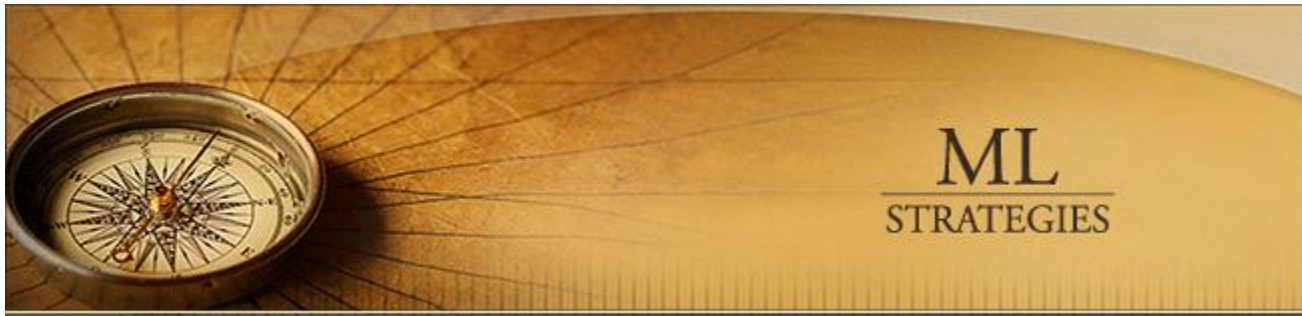




ML Strategies Update

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Health Care Update

- **Physician Payment Data is Latest Battleground on Costs:** The Department of Health and Human Services (HHS) has [released](#) Medicare Physician Payment data, which includes information on 880,000 health care providers who collectively received \$77 billion in Medicare payments in 2012. HHS encouraged researchers, policymakers, and the public to analyze the data, and some of the first reports about the data were released within days. Some of the initial findings were that 2% of doctors were responsible for a quarter of total Medicare spending, ophthalmologists and oncologists were the top-billing doctors, and more than a dozen doctors received more than \$10 million each. Although heavily opposed by many physician groups, the Obama Administration released the claims data adding fuel to the debate over unexplained variation in Medicare spending and service utilization and who is to blame. This release of data is novel in that it puts specific names to total Medicare billing and while proponents will claim this is an act of transparency, others will focus on the lack of context that pure claims data presents, potentially leading to unwarranted negative publicity for specific physicians, specialties, and/or regions of the country.
- **Massachusetts Starts what could be Chain Reaction of State Regulation of Pain Drugs:** Following the Food and Drug Administration's (FDA) approval of the new painkiller drug Zohydro, last week the state of Massachusetts ordered a ban of the drug. Governor Deval Patrick (D) announced that prescribing and dispensing Zohydro would be barred in Massachusetts until the drug is made more difficult to abuse. Vermont Governor Peter Shumlin also issued an emergency order earlier this month making it more difficult to prescribe Zohydro—although there is no complete ban on the drug in Vermont. While these state actions reflect growing concerns about prescription drug abuse, with more than 4.5 million Americans abusing pain relievers according to the Drug Enforcement Administration (DEA), state pushback of this nature to the drug and to the FDA is unprecedented. The FDA has found that the drug would be more beneficial than harmful and that it poses no more risk than other opioid painkillers, but the issue remains controversial. On the Federal level, Senator Joe Manchin (D-WV) and Representatives Stephen Lynch (D-MA) and Hal Rogers (R-KY) has introduced legislation to withdraw FDA approval of the drug. Other stakeholders ranging from opioid abuse prevention/treatment coalitions to health care providers will be key in developing the narrative that walks the line of public health policy versus access to medication, especially those that are viewed as effective acetaminophen-free alternatives.

Implementation of the Affordable Care Act

HHS Secretary Sebelius Resigns: Department of Health and Human Services (HHS) Secretary Kathleen Sebelius has [resigned](#). President Obama praised her for her service and for her role in implementing the Affordable Care Act (ACA). He announced that he will be nominating Office of Management and Budget Director Sylvia Mathews Burwell to take her place and encouraged the Senate to confirm her quickly, noting that she was unanimously confirmed for her current position only a year ago.

7.5 Million Enrolled: During a Senate Finance Committee hearing on the FY 2015 Budget for HHS, Secretary Sebelius [announced](#) that 7.5 million people had enrolled in private health insurance through the healthcare exchanges. Senators also discussed the Medicaid expansion, the 96 hour rule, legislation to repeal and replace the Sustainable Growth Rate (SGR), and rebated drug pricing.

Treasury Defends ACA Authority: In a House Ways and Means Subcommittee on Health hearing, Treasury Assistant Secretary Mark Iwry [rejected](#) concerns that Treasury has been exercising its executive authority appropriately to implement the ACA, saying that Treasury has exercised its authority the same way they have during previous administrations. He also rejected concerns that the final regulations for employer reporting requirements are excessively complex, saying they provided simplified reporting methods.

Energy and Commerce Questions Subsidy Legality: The House Energy and Commerce Committee [published](#) a memo from the Congressional Research Service which appears to raise questions about the legality of the Administration's decision to allow states to offer subsidies to individuals enrolling in health care coverage outside of the exchanges.

Senators Examine State Health Exchanges: Senators Chuck Grassley (R-IA) and Orrin Hatch (R-UT) [sent a letter](#) to HHS Secretary Sebelius in which they asked a series of questions about HHS' role with the state health care exchanges.

Senator Urges Medical Device Tax Repeal: Senator Joe Donnelly (D-IN) [sent a letter](#) to Senate Finance Committee chairman Ron Wyden (D-OR) urging for the repeal of the medical device tax.

Rate of Insured Rising: RAND [released](#) a new survey which found that 9.3 million more people gained health insurance between September 2013 and mid-March 2014. They attributed a part of this surge to the new marketplaces established by the ACA, new enrollment in Medicaid, and new enrollment in employer coverage.

Ten States Driving Medicaid Enrollment: Avalere [released](#) a new analysis which found that ten states were responsible for more than 80% of the 3 million new Medicaid enrollees under the ACA. Only one of these states, Florida, has not expanded Medicaid.

Other Federal Regulatory Initiatives

CMS Issues 2015 Medicare Advantage Rate Announcement: The Centers for Medicare and Medicaid Services (CMS) issued the 2015 rate announcement and final call letter for Medicare Advantage and prescription drug benefit Part D programs. The letter announced a 0.4% increase in Medicare Advantage rates, reversing its original proposal to cut rates by 1.9%. CMS also delayed implementation of a new Part D Risk Adjustment Model and declined to implement a proposal to require additional coverage in the gap for generic and brand drugs in Enhanced Alternatives plans.

Medical Equipment Use Down: The Government Accountability Office [released](#) a report which found that the Medicare competitive bidding program reduced the inappropriate use of Durable Medical Equipment (DME) without impacting beneficiary access.

Healthy People 2020 Shows Mixed Results: HHS [released](#) an update on the Healthy People 2020 Leading Health Indicators, a collection of high-priority health issues and actions, showing progress on about half of the indicators but showing no progress or even deterioration in the other half.

Teen Pregnancy Declining: The Centers for Disease Control and Prevention (CDC) [announced](#) that the rate of births to teens aged 15-17 has declined 63% since 1991, down to 14.1%. The report found 80% of teens had no formal sex education before they had sex for the first time, underlying the need for targeted interventions.

Other Congressional and State Initiatives

Alzheimer's Resolution Introduced: Representatives Chris Smith (R-NJ) and Chaka Fattah (D-PA) [introduced](#) a resolution calling on the US government to advance work for the treatment, prevention, and possible cure for Alzheimer's. The resolution has been endorsed by the Alzheimer's Association.

Senators Urge Action Against E-Cigarette False Claims: Six Democratic Senators [wrote letters](#) to the Federal Trade Commission (FTC) and the FDA urging them to take enforcement action against e-cigarette manufacturers who make unsubstantiated or false claims, such as the claim that these products help smokers quit using conventional cigarettes.

Senators Question Workforce Training: Senators Tom Coburn (R-OK), Mike Enzi (R-WY), and Richard Burr (R-NC) [sent a letter](#) to HHS Secretary Sebelius asking her to provide information about the effectiveness and efficiency of HHS' healthcare workforce training programs.

Senators Criticize Health IT Report: Senators Deb Fischer (R-NE) and Angus King (I-ME) [criticized](#) the Food and Drug Administration Safety and Innovation Act (FDASIA) Health IT Report for recommending that the FDA retain discretion to regulate low-risk health IT, such as apps, scheduling software, and electronic health records.

Other Health Care News

IOM Recommends Expanding EHRs: The Institute of Medicine (IOM) [released](#) a report recommending that measures of social and behavioral factors should be included in patient's electronic health records due to their impact on a patient's health.

Upcoming Hearings and Markups

The Senate and House are in Recess

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