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HEALTH CARE REFORM UPDATE

July 30, 2012

Implementation of the Affordable Care Act (ACA)

On July 23rd the Patient Centered Outcomes Research Institute (PCORI) began accepting public comment on a draft Methodology Report. The report puts forward standards to guide patient-centered outcomes research. Comments will be open until September 14th and a public meeting will be held in November. A copy of the report can be seen [here](#).

On July 23rd the Republican Governors Association (RGA) released a letter written by Virginia Governor Bob McDonnell, Chairman of the RGA, to Department of Health and Human Services (HHS) Secretary Kathleen Sebelius. The letter follows up on a July 10th letter asking HHS thirty questions about the ACA's Medicaid expansion and the implementation of health insurance Exchanges. The letter notes that HHS has only given vague answers to most of the questions. A copy of the letter can be seen [here](#).

On the July 23rd the Congressional Budget Office (CBO) released a report updating its estimates of the budgetary effects of the ACA in light of the Supreme Court's recent decision making the ACA's Medicaid expansion optional for states. The CBO estimates that the Court's decision will reduce the cost of the ACA by \$84 billion and that 3 million fewer people will receive health coverage. A press release of the report can be seen [here](#). The actual report can be found [here](#).

On July 23rd the CBO and the Joint Committee on Taxation (JCT) released a report detailing the cost of the House repeal bill of the ACA (H.R. 6079). The CBO and JCT estimate that, on balance, the direct spending and revenue effects of repealing the ACA would increase the federal budget deficit by \$109 billion over the 2013–2022 time period. The report can be seen [here](#).

On July 23rd the Government Accountability Office (GAO) released a report analyzing the number of children who will qualify for coverage assistance programs—including Medicaid and premium tax subsidies—under the ACA. The report finds that about three-quarters of approximately 7 million

children who were uninsured in January 2009 would be eligible for Medicaid under the Medicaid expansion (note that the report was completed in June and does not appear to have addressed the Supreme Court's recent ruling making much of that expansion optional for states). However, the GAO found that the IRS's current proposed rule for determining eligibility for premium tax credits would leave many children without coverage options. The report can be found [here](#).

On July 25th the Thomas More Law Center filed an emergency motion in federal court requesting a temporary restraining order to keep the ACA's contraception rule from going into effect on August 1, 2012. The motion can be seen [here](#).

On June 27th the Centers for Medicare and Medicaid Services (CMS) announced that it had awarded a \$69 million loan to Colorado Health Insurance Cooperative, Inc. under the ACA's Consumer Operated and Oriented Plan (CO-OP) program. This represents the 18th CO-OP created under the program. A CMS press release can be found [here](#). More information on the CO-OP program and recent awardees can be seen [here](#).

On July 27th a federal district court in Colorado issued a preliminary order blocking the federal government from requiring a religious employer to provide contraceptive coverage to its employees. Although several religious employers have challenged the requirement, this is the first case where a federal court has blocked the requirement. The court's opinion can be found [here](#).

Other HHS and Federal Regulatory Initiatives

On July 25th CMS issued two notices that increase Medicare payment rates for inpatient rehabilitation facilities and for hospice providers. The updated rates for rehabilitation facilities can be seen [here](#). The updated rates for hospice providers can be found [here](#).

On July 25th HHS announced the launch of a partnership among the federal government, state officials, private health insurance organizations, and other health care anti-fraud groups to prevent health care fraud. Under the partnership, the federal government and health insurers will share information and best practices in order to improve detection and prevent payment of fraudulent health care billings. An HHS press release can be seen [here](#).

On July 26th the GAO released a report analyzing incentive payments made to providers for adopting electronic health records (EHR) under the Health Information Technology for Economic and Clinical Health (HITECH) Act. The report found that only 16 percent of eligible hospitals and 9 percent of eligible professionals received payments under the program. The report can be seen [here](#).

On July 27th the HHS Office of the National Coordinator for Health Information Technology (ONC) announced the Million Hearts Risk Check Challenge, which challenges developers to create a mobile application that will help consumers take a heart health risk assessment and use the results to work with their health care professional. The winning application developer will receive \$100,000 and up to five finalists will each receive \$5,000. An HHS press release can be found [here](#).

Other Congressional and State Initiatives

On July 25th Senator Tom Harkin (D-IA), Chairman of the Senate HELP Committee, released a report on the potential impact of sequestration under the Budget Control Act on dozens of education, health, and labor programs. The report can be seen [here](#).

On July 25th Senator Jay Rockefeller (D-WV), Senator Tom Harkin (D-IA) and Representative Elijah Cummings (D-MD) released a report describing the “gray market” in short-supply drugs. The report describes the impact of companies that purchase short-supply drugs and resell them at “exorbitant” prices. The report can be found [here](#).

On July 26th Representatives Joe Barton (R-TX) and Cliff Stearns (R-FL) introduced legislation that would limit the ability of HHS to pay certain high-demand employees wages outside of the typical federal guidelines. A press release describing the HHS Employee Compensation Reform Act of 2012 can be found [here](#).

Other Health Care News

On July 20th the Commonwealth Fund released a report analyzing the performance of hospitals participating in the “Hospital to Home” initiative, a national campaign to reduce readmissions. The report finds that while most participating hospitals had taken some actions to reduce readmissions, many important practices, such as alerting outpatient physicians of a patient’s discharge within 48 hours, were infrequently utilized. The report and more information can be found [here](#).

On July 25th AHIP released a brief describing trends in the utilization of Health Savings Accounts (HSAs) and high-deductible health plans in employer-sponsored insurance. The report describes significant increases in the number of such plans since the plans were first authorized in 2003. The report can be found [here](#).

On July 25th the New England Journal of Medicine and the Harvard School of Public Health released a study finding that states that expanded eligibility for Medicaid saw a significant reduction in deaths, especially among older adults, minorities, and residents of poor counties. The study can be seen [here](#).

On July 26th the National Business Group on Health released a survey finding that most U.S. employees are satisfied with their employer-provided coverage, despite rising rates and co-pays. The study also found that nearly two thirds of all people surveyed did not know how much their employer contributed to their care. The press release detailing the report can be seen [here](#).

Hearings & Mark-ups Scheduled

House of Representatives

On July 31st at 4:30 pm the House Veterans’ Affairs Subcommittee on Health will hold a hearing entitled “Optimizing Care for Veterans with Prosthetics: An Update.” More information can be found [here](#).

July 30, 2012
Page 4

On August 2nd at 9:00 am, the House Committee on Oversight & Government Reform will hold a hearing entitled “IRS: Enforcing ObamaCare’s New Rules and Taxes.” More information can be found [here](#).