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HEALTH CARE UPDATE

December 16, 2013

- **Policymakers Focused On LTCH Reform:** Long Term Care Hospitals (LTCHs) have been the focus of numerous policy proposals in recent months as policymakers and lawmakers continue to focus on reducing costs in Medicare by focusing on post-acute care. Last week, the House passed a 3 month patch to the physician pay formula also known as the SGR that delayed a rule that restricts patient admissions from certain referral hospitals (known as the “25% rule”) by an additional year. The SGR patch also contained language implementing new admissions criteria that would reimburse higher severity patients (in ICU or ventilator for >3 days) at a higher rate while paying for other patients at a rate similar to an inpatient stay. Additionally, the non-partisan Congressional advisory committee on Medicare (MedPAC) held a meeting last Thursday, where commissioners discussed a similar proposal except patients reimbursed at the higher rate would only qualify after eight or more days in an ICU or on a ventilator. Senator Baucus and other members of the Senate Finance Committee have repeatedly expressed their intention to seek legislative opportunities to reform the post-acute sector in addition to efforts underway by CMS through potential pilot projects out of the CMS Innovation Center.
- **NIH Looking to Shift Funding to Individual High-Risk Research:** Speaking at an advisory committee earlier this month, NIH Director Francis Collins announced plans to spend more NIH funding on Pioneer awards and similar promising investigators, shifting funds away from project grants. Currently, Pioneer awards, distributed through the NIH Common Fund, provide select scientists approximately \$500,000 a year for five years. This funding has yielded a higher rate of highly cited research when compared with normal Research Project (R01) grants. Collins said he will be pitching this idea to NIH directors beginning in January. Currently, NIH spends less than 5 percent of its \$30 billion budget on individual research grants.

Implementation of the Affordable Care Act

HHS Addresses Coverage Gap: To address fears of coverage gaps for individuals seeking health insurance, the Administration released an [interim final rule](#) with several strategies to address coverage gaps that may occur on January 1st. Individuals will have until December 23rd to enroll and until December 31st to pay their premium for coverage beginning the next day.

PCIP Extended One Month: The Pre-Existing Condition Insurance Plan, the temporary ACA high-risk pool, [announced](#) that it will provide transitional coverage for current enrollees up to January 31 to allow them more time to review plan options in the Online Health Insurance Marketplace.

Sebelius Requests Audit: Secretary of the Department of Health and Human Services (HHS) Kathleen Sebelius [requested](#) an audit from the HHS Inspector General into the development and launch of healthcare.gov.

Enrollments Surge in November: HHS [announced](#) that 365,000 Americans selected a plan through state and federal online health insurance marketplaces through November and enrollment was four times greater than in October.

Biden Announces \$100 Million In Mental Health Funding: Vice President Biden [announced](#) that \$100 million in funding will be made available to improve mental health access and services. HHS [will issue](#) a \$50 million funding opportunity, made available through the ACA, to expand mental health and substance use services in community health centers. The remaining \$50 million will be [made available](#) through the US Department of Agriculture (USDA) to construct, expand, or equip rural mental health facilities.

Energy and Commerce Letters Questions Medicaid Impact: Citing concern about the Affordable Care Act's (ACA) impact on Medicaid, Republican members of the House Energy and Commerce Committee [sent letters](#) to all 50 Medicaid state directors regarding the status of their programs.

Representatives Question IRS Security: Representatives Diane Black (R-TN) and Patrick Meehan (R-PA) [sent a letter](#) to Danny Werfel, Acting Commissioner for the IRS, asking him to provide details about failed security tests and why the IRS did not agree to develop a corrective action plan recommended by the Treasury Inspector General for Tax Administration.

60% of Uninsured African Americans Helped by ACA: HHS [released](#) an Issue Brief which found that 60% of uninsured African Americans are eligible for Health Insurance Marketplace tax credits, Medicaid, or the Children's Health Insurance Program.

Issa Report Charges Navigator Mismanagement: Representative Issa (R-CA) released a [report](#) on the health insurance navigator program. The report charges that navigators lacked guidance from HHS on how to enroll people when Healthcare.gov was not working.

Other HHS and Federal Regulatory Initiatives

CMS Updates Medicare Manual: The Centers for Medicare and Medicaid Services (CMS) has [published](#) revisions to the Medicare Manual as a result of *Jimmo vs. Sebelius* which make clear that

Medicare contractors are forbidden from denying payments for services using an “Improvement Standard.”

CFPB Orders Repayment For Deceptive Tactics: The Consumer Financial Protection Bureau (CFPB) [ordered](#) GE Capital Retail Bank and its subsidiary, CareCredit, to refund consumers it deceived with credit card enrollment tactics at medical facilities.

Other Congressional and State Initiatives

SGR Fix in Budget Deal: A three month fix to the Sustainable Growth Rate passed the House as part of a bipartisan budget deal reached in Congress last week. Meanwhile, the Senate Finance Committee and House Ways and Means Committee both reported out bills last week to permanently fix the SGR.

Energy and Commerce Questions Breach: Republican members of the House Energy and Commerce Committee [sent a letter](#) to Margaret Hamburg, Commissioner of the Food and Drug Administration (FDA) asking her to provide information about the hacking of an online submissions system which exposed personal information.

Murphy Introduces Mental Health Bill: Congressman Tim Murphy (R-PA) [introduced](#) the “Helping Families in Mental Health Crisis Act,” a bill with numerous reforms to increase patient options, clarify standards used to commit an individual, update the legal framework, and move towards better models of care to address mental health issues through the healthcare system rather than the justice system.

Energy and Commerce Advances Bills: On December 11 the House Energy and Commerce Committee [advanced](#) two public health bills out of committee: H.R. 3527, the Poison Center Network Act; and H.R. 1098, the Traumatic Brain Injury Reauthorization Act.

House Passes Kids First Research Act: The House of Representatives [passed](#) the Gabriella Miller Kids First Research Act, which would authorize provide funding for pediatric research by eliminating public funding for presidential campaigns. Democrats have derided the bill as politically motivated and the Senate is not expected consider it.

GAIN Act Successor Introduced: On December 12, Representatives Phil Gingrey (R-GA) and Gene Green (D-TX) introduced The Antibiotic Development to Advance Patient Treatment (ADAPT) Act of 2013, a bill intended to build on the GAIN Act passed last year. The ADAPT Act advances drug development in order to combat the growing public health threat of “superbugs.”

Hearings and Mark-Ups Scheduled

Senate

On Monday, December 16 at 10am, the Senate Health, Education, Labor and Pensions Committee will hold a markup to consider a newborn screening bill and poison control legislation, as well as several nominations.

On Wednesday, December 18 at 2:15pm, the Senate Special Aging Committee will hold a hearing titled “The Future of Long-Term Care Policy: Continuing the Conversation.”