Jeremy Rabinovitz, JRabinovitz@mlstrategies.com
Alexander Hecht, AHecht@mlstrategies.com
Joseph P. Hammang, PhD, JPHammang@mlstrategies.com
Andrew Shin, AJShin@mlstrategies.com
Abby Matousek, AMatousek@mlstrategies.com

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HEALTH CARE UPDATE
December 23, 2013

CMS Signals Major Changes Coming for Pioneer ACOs: The CMS Innovation Center released a Request for Information on Friday, December 20th asking for input on the next version of *Pioneer Accountable Care Organizations (ACOs)*. The Pioneer ACO program was the first ACO program launched by CMS. Using Innovation Center authority it is also more aggressive, with greater risk and reward, designed for providers with greater experience delivering coordinated care. The RFI, which is due by March 1, 2014, signals the Obama Administration plans to offer another opportunity for providers to participate in the Pioneer program that has been closed to new applicants since launching 32 ACOs approximately 2 years ago.

The RFI touches on issues currently not at play for any Medicare ACOs. For example, CMS is seeking comments on whether Part D, the Medicare drug coverage program, should be included as part of an ACO's total cost; whereas, currently drugs are not included mostly because of stakeholder concerns that reducing drug utilization could have a harmful effect on patient health. The CMS document also explores the benefits and concerns of reducing payments to Durable Medical Equipment suppliers who sell their products to beneficiaries participating in Pioneer ACOs.

Finally, in response to some of the most experienced integrated health care systems in the country who are not currently participating in any ACO program, CMS requested comments on how to set up a Medicare Advantage-like, capitated payment mechanism. **Stakeholders will be pressed to provide as much information to CMS by the March deadline to make their case on what the next version of ACOs look like.**

Although the demonstration program is voluntary, drug and device suppliers could experience significant impact in certain markets. This is particularly true if hospital and physician providers participate in greater numbers and the permanent Medicare Shared Savings Program created by the Affordable Care Act could be modified with various lessons-learned from the Pioneer program. **We will be providing more information via a ML Strategies Alert in the near future to assist stakeholders with this highly significant development.**

Implementation of the Affordable Care Act

CMS Moves Ahead with Catastrophic Plan Option: In a letter to lawmakers HHS Secretary Kathleen Sebelius said that consumers who have had their health insurance policies cancelled will qualify for a waiver from the individual mandate and a catastrophic health plan.

CMS Proposes Basic Health Program Rules: CMS released a proposed rule governing the funding methodology for Basic Health, an optional state program created by the ACA for individuals with incomes up to 200 percent of the poverty level seeking health insurance.

White House Outlines Harm of Repeal: In a report, the White House summarized the various ways in which Americans would be harmed if the ACA were weakened of repealed. The White House released a separate document outlining the specific harm to each state.

Zients Successor Chosen: The Administration plans to announce Kurt DelBene, President of Microsoft's Office Division, to succeed Jeffrey Zients in overseeing the continued overhaul of HealthCare.gov.

CMS Begins Transmitting Medicaid Data to States: Beginning last week, CMS announced that the Administration has begun to transfer Medicaid and CHIP applications received at HealthCare.gov to ten of the states operating health insurance exchanges. These states include: Alabama, Delaware, Idaho, Nebraska, New Hampshire, New Mexico, Montana, Pennsylvania, Tennessee and West Virginia.

CMS Announces Original Medicare Preventative Services Numbers: Last week CMS announced that, as a result of the ACA, 25.4 million people covered by Original Medicare received at least one preventive service at no cost to them during the first eleven months of 2013.

AHIP Extends Premium Payment Deadline: The America's Health Insurance Plans (AHIP) announced it voluntarily extended the deadline for consumers to pay their first months premium from January 1 to January 10.

CMS Announces ROI for ACO Evolution: CMS announced it is considering new policy options for the evolution of Accountable Care Organization (ACO) initiatives. The agency is requesting information on issues related to the second round of Pioneer ACO applicants, and new ACO models to encourage greater care integration.

House Democrats Request Briefing: In response to a subpoena by Representative Darrell Issa (R-CA) of documents related to HealthCare.gov security protocols, House Democrats wrote to Speaker John Boehner (R-OH) and Minority Leader Nancy Pelosi (D-CA) requesting a classified briefing.

HHS Responds to Issa Navigator Report: In response to a House Oversight and Government Reform paper that found the navigator program had been mismanaged, an HHS spokesperson said that all navigators "must complete a minimum of 20 hours of training and comply with privacy and security standards" and that HHS takes "alleged impropriety seriously."

HHS Brief Oversight on Website Security: Representative Issa (R-CA) released a transcript of Chief Information Security Officer Teresa Fryer describing ongoing security problems and recommendations for increasing security on HealthCare.gov.

Obama and Technology Leaders Discuss ACA: On December 17, President Obama met with leading technology executives about ways in which to improve HealthCare.gov and how the government can improve its IT practices. Fifteen executives represented Apple, Yahoo, Google, Twitter, Microsoft, AT&T and others.

Other Federal Regulatory Initiatives

FDA Examining Antibacterial Soap: In proposed rule released last week, the FDA asked manufacturers to provide evidence that antibacterial soaps and body washes are more effective than regular soap.

2014 Children's Health Quality Measures Released: CMS released the 2014 updates to the core set of children's health quality measures for Medicaid and the Children's Health Insurance Program (CHIP) and to the core set of measures for adults in Medicaid.

FDA Revises Food Safety Regulations: The FDA announced it will repropose its draft regulations to overhaul the U.S. food safety regime under the Food Safety Modernization Act.

New HIT Coordinator at HHS: HHS Secretary Kathleen Sebelius announced that the New Orleans's health commission, Karen DeSalvo, will be the next national coordinator for health information technology.

Other Congressional and State Initiatives

Budget with Doc Fix Temporary Patch Advanced: Last week the Senate approved the House-passed two year budget agreement in a 64 to 36 vote. The agreement contains a three-month SGR patch costing $7.3 billion. The President is expected to sign the bill.

Senator Baucus to China: The White House announced President Obama's intent to nominate Senate Finance Chairman Max Baucus to be the ambassador to China. Most Congressional observers believe the powerful Senate Finance Chairmanship will go to Sen. Ron Wyden (D-OR).

Other Health Care News

Commonwealth Report on Premium Increases: A recent Commonwealth Fund study has found that pre-2014 premiums did not rise as a result of the ACA. Causes of premium increases over 10 percent may include medical costs and administrative expenses.

PCORI Announces Patient-Centered Research Funding: Last week, the Patient-Centered Outcomes Research Institute (PCORI) announced $93.5 million to 29 clinical research data networks that will become PCORnet, the National Patient-Centered Clinical Research Network. PCORnet is a national network intended to improve patient-centered comparative effectiveness research (CER).

Hearings and Mark-Ups Scheduled

The Senate and House are in Recess