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Health Care Update

- **SGR Already Strong Focus of 114th Congress:** With the current sustainable growth rate (SGR) patch set to expire at the end of March, the 114th Congress has been quick to make SGR reform a priority yet again. The SGR patch – also known as the “Doc Fix” – would replace the SGR methodology for physician reimbursement under Medicare. Without reform or a patch, physicians would face a close to 25 percent cut in payments. Last week, the House Energy and Commerce Committee announced that its Health Subcommittee will hold a two-day hearing on the SGR. During the last Congress, lawmakers were close to a bipartisan deal before the deadline in March 2014. ML Strategies provided an analysis of the [state-of-play on efforts last year](#) to overhaul SGR. However, despite significant bipartisan and bicameral collaboration, Congress failed to achieve an SGR fix, and subsequent retirements—including Senator Max Baucus (D-MT) and Representative Dave Camp (R-MI)—mean a new cast of characters are now at the negotiating table.

It is unknown whether the hearings, which will take place January 21st and 22nd, signal that Congressional leaders plan to renegotiate the deal reached last year or whether the Committee is going through regular order. Regardless, Congress must still determine how to pay for the doc fix, which is estimated to cost approximately \$180 billion over 10 years, according to the [CBO](#).

Many health policy experts believe that any attempt to permanently replace the SGR will include a pathway that transitions most providers into alternative payment models such as medical homes or accountable care organizations. Further, stakeholders are closely watching how new committee GOP Chairmen Paul Ryan (WI) and Orin Hatch (UT) over the Ways and Means and Senate Finance Committees, respectively, may change previous bipartisan proposals from last year.

Stakeholders have long pressed for the SGR to be reformed. For example on Friday, the President of the American College of Physicians (ACP) Dr. David Fleming pressed Congress for action, saying: “Congress would be able to demonstrate to the American people that partisan differences over the ACA need not stand in the way of reaching bipartisan agreement on policies to improve and support first-line primary care doctors and their patients, to modernize Medicare payments to all physicians, and to reduce regulations that stand in the way of good patient care.”

Implementation of the Affordable Care Act

Burwell, Lew on ACA's Impact on Tax Filings: HHS Secretary Sylvia Mathews Burwell and Treasury Secretary Jack Lew explained in a [joint statement](#) how their agencies will assist the public in completing the first tax filings since the expansion in health care coverage under the ACA. Lew said the ACA will only affect a "fraction" of filings.

HHS Reports 1.8 Million New Enrollees through ACA: During the first month of the ACA's open enrollment period, [1.8 million people](#) signed up for health care coverage and 1.6 million renewed their plans, according to HHS. In states that built their own exchanges, more than 600,000 people signed up for coverage.

HHS Announces 6.6 Million Total ACA Enrollees: HHS [reported](#) that about 6.6 million Americans were either signed up for ACA plans or automatically enrolled in ones provided by through the federal exchange. The Obama Administration seeks to cover at least 9.1 million Americans through 2015.

Other Federal Regulatory Initiatives

CDC Reports on Alcohol Poisoning Deaths: Despite the prevalence of binge drinking among college students, three-quarters of deaths related to alcohol poisoning are in the 35-64 year age bracket, according to the [CDC](#). Death rates vary by gender (higher for men than women), race (highest among American Indians and Alaskan Natives), and by region (highest in New England and the Great Plains, lowest in the South).

FDA Releases Medical Device Guidance Docs: The FDA released a [list](#) of the guidance documents it intends to publish in 2015. The FDA will prioritize documents on the "A-List," such as one to regulate laboratory developed tests LDTs, while it plans to publish documents on the "B-List" if "resources permit."

CMS Extends Registration Deadline for Volunteers for ICD-10 Testing: CMS changed the [deadline](#) for providers to register for end-to-end claims submission testing with Medicare contractors, which will occur in April. The initial deadline was January 9th; the current deadline is January 21st. CMS hopes to have 850 volunteers in April who can help providers submit claims with ICD-10 codes.

FDA LDT Workshop: On January 8th and 9th, the FDA held a [workshop](#) to discuss the agency's proposal for a risk-based framework for addressing the regulatory oversight of a subset of in-vitro diagnostic devices (IVDs).

Congressional Initiatives

McConnell Unveils Priorities for the 114th: In a [speech](#) on the Senate floor, Majority Leader Mitch McConnell (R-KY) said that the new Republican majority will focus on taxes, jobs, trade and the Keystone XL pipeline.

Thune Introduces HIRE Act, Aimed at the ACA: Senator John Thune (R-SD) [introduced](#) S. 38, the Helping Individuals Regain Employment Act (HIRE Act). The bill incentivizes employers to hire the long-term unemployed by permanently exempting those who do from the ACA's employee count.

E&C Announces Priorities for 114th: Energy and Commerce Committee Chairman Fred Upton (R-MI) unveiled the committee's "key priorities" for the 114th Congress in an [end-of-session review](#). The 21st Century Cures Initiative heads the list, which also includes patient-centered health care reform and changes to CHIP to empower states.

Republicans to SCOTUS: Nix ACA Subsidies: Sixteen Republican lawmakers filed a "friend-of-the-court" [brief](#) with the U.S. Supreme Court urging the justices to rule against insurance subsidies for states that did not create their own health care exchanges under the ACA. The case in question, *King v. Burwell*, centers on the provision in the ACA stating that "an exchange established by the state" will provide subsidies. A detailed alert by ML Strategies and Mintz Levin on *King v. Burwell* can be found [here](#).

House Passes 40-Hour Workweek Bill: The House of Representatives [passed](#) H.R. 30, the Save American Workers Act of 2015, in a 252 to 172 vote. The legislation changes the ACA's definition of full-time work from 30 hours to 40 hours.

Other Health Care News

ATA Seeks Reimbursement for Telestroke: The American Telemedicine Association (ATA) sent a letter to CMS requesting changes to Medicare's billing codes to require reimbursement for providers of remote stroke and critical care. In the letter, the ATA attributed the slow growth in telestroke partly to the lack of reimbursement. CMS plans to

release a proposed rule on payments for doctors in 2016 this summer.

Uninsured Rate Drops to 12.9%: Fewer Americans are uninsured now than at any time during Obama's presidency. The uninsured rate fell to 12.9% in 2014's fourth quarter, according to a Gallup [poll](#). The rate is the lowest since Gallup first started tracking it back in 2008 when 17.1% of Americans were uninsured.

RAND Predicts Impact of King Case: RAND released a [study](#) examining the impact of a Supreme Court decision to stop subsidies in the *King v. Burwell* case. The study finds that 10 million fewer people would enroll in health insurance.

Upcoming Congressional Hearings

Senate

On Thursday, January 15th, the Senate Small Business and Entrepreneurship Committee will hold a field hearing to consider health care and small business.

House

On Tuesday, January 13th, the House Energy and Commerce Committee will hold the Full Committee Organizational [meeting](#).

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