



ML Strategies Update

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

ML Strategies, LLC
701 Pennsylvania Avenue, N.W.
Washington, DC 20004 USA
202 434 7300
202 434 7400 fax
www.mlstrategies.com

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Health Care Update

- **Major Insurance Rule Nears Finish Line:** The Obama Administration is expected to release, as early as this week, a highly anticipated final rule that will set rules and payments for the 2015 Affordable Care Act insurance marketplaces. The Centers for Medicare & Medicaid Services (CMS) published the preliminary version of the [Exchange and Insurance Marketplace Standards for 2015 and Beyond](#) in March and a firestorm of lobbying from across consumer and other health care stakeholders has since ensued. Central to the upcoming final rule will be how much flexibility CMS gives to insurers on the calculation of the Medical Loss Ratio (MLR) which limits how much health plans can spend on profits versus medical care. Health plans have argued that the tumultuous start to open enrollment with website glitches and other administrative issues ended up costing much more than anticipated and that those costs should be not be counted against the insurers when calculating the MLR. Further, stakeholders have been focused on a set of exemptions that could allow for enrollment outside of the pre-set “open enrollment” period and other provisions that could modify the role of navigators and brokers. The regulations will likely serve as a major piece of political debate for the upcoming midterm elections as candidates and lawmakers will glean impressions on the affordability and success/failure of the ACA marketplaces based on many parameters set out in the final rule.
- **Sovaldi Clinical Guidelines seen as Key to Future Policy:** The contentious battle between health plans and the biopharmaceutical industry continues to rage on with the Hepatitis C Drug, Sovaldi (made by Gilead Sciences, Inc.), as the poster child of how payors, including Medicare and Medicaid, will pay for the costly drug. Last week, newly installed CMS Deputy Administrator, Sean Cavanaugh, who has jurisdiction over Medicare reimbursement policy, explained that the upcoming Medicare Part D plan bids would be highly informative on what effect Sovaldi had on total costs. He further indicated that soon-to-be released guidelines, such as from the Medicaid Evidence-based Decisions (MED) Project based out of Oregon Health and Science University's Center for Evidence-Based Policy, would play a significant role in determining how CMS responds. As stakeholders continue to consider how to pay for new breakthrough therapies, providers such as national clinical professional societies have been taking on an increasing role of arbiter between clinical improvement for patients in combination with expense.

Implementation of the Affordable Care Act

E&C Questions Insurers on ACA: During a House Energy and Commerce Committee hearing, the CEOs of several health insurers [testified](#) that they still did not know what their 2015 rates would be and that approximately 10 to 20% of enrollees haven't paid their first month's premium.

MA Scraps Health Exchange: The flawed Massachusetts health insurance exchange will be [scrapped](#) in favor of a dual track plan in which Massachusetts will join the federally facilitated marketplace while simultaneously implementing an hCentive based exchange, which is currently operating exchanges in Colorado, Kentucky, and New York.

Medicaid Enrollment Report: The Centers for Medicare and Medicaid Services (CMS) [released](#) a report on enrollment for Medicaid and CHIP. During the first round of open enrollment, 4.8 million individuals enrolled, however, those numbers are not yet complete. Additionally, enrollment rose by a greater percentage in states that accepted the Medicaid expansion.

Uninsured Rate Drops: Gallup's most recent poll [found](#) that the uninsured rate has dropped to 13.4 percent, the lowest rate ever recorded by this poll. They attributed part of the most recent drop to the late surge in sign-ups through the Affordable Care Act (ACA), but noted that this poll did not capture the full impact of later enrollments.

Healthcare Spending Slowdown Due to ACA, Medicare Part D: The Committee for a Responsible Federal Budget [posted](#) an analysis of the Congressional Budget Office's (CBO) projection that healthcare spending is slowing, attributing the slowdown to a 23% decline in Medicare Part D and a 15% decline for the ACA.

Patient Safety Improving: The Department of Health and Human Services (HHS) [released](#) new data which showed that harms experienced by patients in hospitals, such as falls or infections, dropped 9 percent in 2012, while readmissions dropped 8%. This was attributed in part to tools provided by the ACA.

Other Federal Regulatory Initiatives

Biden Highlights Mental Health Progress: Vice President Joe Biden [delivered](#) remarks to the American Psychiatric Association's Annual Meeting highlighting the Administration's actions to remove barriers to mental health services.

CMS Rule Will Save Providers \$3.2 Billion: CMS [issued](#) a new rule reforming Medicare regulations identified as unnecessary, obsolete or excessively burdensome. These reforms are expected to save health care providers and hospitals \$660 million annually and \$3.2 billion over five years.

FDA Recommends Limiting Aspirin: The Food and Drug Administration (FDA) has [recommended](#) that those without cardiovascular disease should not take aspirin to prevent a heart attack or stroke due to the serious increased risk of bleeding in the stomach and brain.

HHS Wants NY To Return \$60 Million: The HHS Inspector General [released](#) a report which found that the New York State Department of Health (DOH) claimed \$60.8 million in unallowable room and board costs under its developmental disabilities waiver program. They recommended DOH return the money, but DOH disagreed with this recommendation.

Meaningful Use Progressing Slowly: During a presentation to CMS' Health Information Technology Policy Committee, a CMS official [stated](#) that only four hospitals and 50 health care providers have achieved Stage 2

meaningful use in the electronic health records (EHR) incentive-payment program.

NIH Provides Grant for mHealth Tools: The National Institutes of Health (NIH) [announced](#) a grant for the research and development of Mobile Health (mHealth) tools to help improve patient-provider communication, adherence to treatment, and self-management of chronic conditions.

Spending Grows Slowest for Elderly: A new report [written](#) by CMS and published in Health Affairs found that personal health care spending per capita grew slowest of all age ranges between 2002 and 2010, at just 2.4% annually. This was attributed to slower growth in Medicare spending.

SAMHSA Report on Impact on Young Adults: The Substance Abuse and Mental Health Services Administration (SAMHSA) [released](#) new data showing the impact of behavioral health conditions and treatment on young adults. They found that those with serious mental illnesses often lack a stable place to live and have academic difficulties.

Other Congressional and State Initiatives

Democratic Reps Introduce Mental Health Legislation: Five Democratic Representatives led by Ron Barber (D-AZ) [introduced](#) the Strengthening Mental Health in Our Communities Act, a bill which would invest in existing mental health crises prevention programs, enhance care for underserved populations, and improve parity of mental health services.

Senators Introduce SCOPE Act: Four Senate Republicans [introduced](#) the Safeguarding Care of Patients Everywhere (SCOPE) Act, which would eliminate a provision of the ACA allowing the Secretary of HHS to prohibit health insurers from working with providers who don't meet certain quality criteria.

E&C Dems Ask for MERS Hearing: Democratic members of the House Energy and Commerce Committee [sent a letter](#) to Republican leaders of the Committee requesting a hearing on the public health threat of Middle East Respiratory Syndrome Coronavirus (MERS-CoV) after an infection was reported in a traveler to the United States.

E&C 21st Century Cures Holds Roundtable: The House Energy and Commerce Committee's 21st Century Cures initiative [held](#) its first roundtable with researchers, patient stakeholders, and government officials on the state of biomedical innovation and what can be done to accelerate the process of bringing new cures to patients.

Republican Senators Write to FDA on Draft Guidance: Senators Alexander (R-TN), Burr (R-NC), Hatch (R-UT), and Isakson (R-GA) [wrote](#) to the FDA criticizing the agency's use of draft guidance documents to "make substantive policy changes."

Other Health Care News

Insurance Can Save Lives: A new study [published](#) in the Annals of Internal Medicine found that after the Massachusetts health care reform attained near-universal coverage there was a significant decrease in mortality, and that these changes were larger in counties with higher pre-reform uninsured rates.

Advocates Seize on CEO Pay: Healthcare-Now!, an advocacy group for a national single-payer healthcare system, [strongly criticized](#) financial reports which indicated that the average compensation for the top nine health insurance CEOs rose by more than 19% in 2013.

Upcoming Hearings and Markups

The House is in Recess; There are no relevant Senate hearings.

