



Alexander Hecht, [AHecht@mlstrategies.com](mailto:AHecht@mlstrategies.com)  
Andrew Shin, [AJShin@mlstrategies.com](mailto:AJShin@mlstrategies.com)  
Abby Matousek, [AMatousek@mlstrategies.com](mailto:AMatousek@mlstrategies.com)

FOLLOW US ON TWITTER: [@MLStrategies](https://twitter.com/MLStrategies)

**ML Strategies, LLC**  
701 Pennsylvania Avenue, N.W.  
Washington, DC 20004 USA  
202 434 7300  
202 434 7400 fax  
[www.mlstrategies.com](http://www.mlstrategies.com)

April 13, 2015

## Health Care Update

**SGR Bill Facing Final Hurdles This Week:** Lawmakers are headed back to town today and health care stakeholders are anxiously awaiting final details from Senate leadership on the procedure to vote for a permanent replacement of the Medicare physician payment formula known as the Sustainable Growth Rate (SGR), also known as the “doc fix.”

Senate leadership staff worked over the recess to come to an agreement on votes for floor consideration in the Senate. At least three measures have been discussed for possible floor consideration including: a Democratic amendment for four-year CHIP extension, as opposed to the current two year measure; an amendment designed to protect Medicare beneficiaries from higher cost-sharing; and an amendment that would remove Medicare therapy caps.

Additionally, amidst intense lobbying from fiscal-responsibility groups such as the Committee for Responsible Federal Budget and the Heritage Foundation, lawmakers are considering voting on a “PAYGO” amendment which could require the roughly \$213 billion bill to be completely paid for as opposed to only paying for a third of the total score as the current bill stands. Further, last week’s [scathing report](#) from the independent the Centers for Medicare and Medicaid Services (CMS) Chief Actuary called the SGR replacement bill a temporary patch that “raises important long-range concerns that would almost certainly need to be addressed by future legislation”, providing fuel to the fire for budget hawks.

With CMS holding Medicare claims for physicians until April 15<sup>th</sup>, lawmakers have only a couple days to pass a bill or enact another temporary extension to avoid a 21 percent reimbursement cut. Lawmakers have, for the most part, committed to avoiding another short term extension and are narrowing their sights on a full repeal vote likely Wednesday.

**Speaking of Payment Reform:** Following the announcement a couple months ago from the Obama Administration that they plan to tie at least half of Medicare payments to alternative payment models (APMs) and the SGR bill that also heavily incentivizes physicians to move into APMs, nearing the finish line, ML Strategies has partnered with the [Personalized Medicine Coalition \(PMC\)](#) to highlight the role of targeted therapies and advanced diagnostics in the evolution of APMs.

Join us next Thursday, April 23<sup>rd</sup>, at 4pm in our offices for a launch event of the PMC’s latest white paper on *“Paying for Personalized Medicine: How Alternative Payment Models Could Help or Hinder the Field.”* The event will feature a panel discussion with representatives from industry, the PMC, and CMS with a cocktail reception to follow.

The event is free and you can [register here](#).

### **Implementation of the Affordable Care Act**

**CMS Announces Next Generation ACO Forums:** Following up its March announcement of Next Generation ACO model of payment delivery, CMS [announced](#) a series of open door forums focusing on various aspects of the model. The first forum was held April 7<sup>th</sup> at 4pm, focusing on benefit enhancements and beneficiary care coordination reward. The last [forum](#) will be held April 14<sup>th</sup> and will focus on letters of intent (LOI) and application.

### **Other Federal Regulatory Initiatives**

**CMS Releases Medicare Advantage Rates:** In a [Call Letter](#), CMS finalized 2016 Medicare Advantage (MA) and Part D Prescription Drug program changes for 2016. The Call Letter reverses a 0.9 percent cut that the agency proposed earlier in the year and, rather, increases MA rates by 1.25 percent. The policy update also includes plans to undertake a risk-adjustment model that sets provider rates based on the severity of the beneficiary's condition.

**CMS Rule Applies Parity Law to Behavioral Care:** CMS [released](#) a proposal rule that would extend the Mental Health Parity and Addiction Equity Act to Medicaid and the Children's Health Insurance Program. The result of this rule would be that health plans covering behavioral health care would have the same terms and conditions for medical and surgical care. The rule would apply to all CHIP plan holders but only to the Medicaid enrollees who hold alternative benefit plans or who visit managed care organizations.

**CMS Releases State Guide to Managed Care:** CMS released [guidance](#), the State Guide to CMS Criteria for Managed Care Contract Review and Approval. This document outlines standards that are used by CMS Regional Office staff to review and approve state contracts with managed care organizations (MCO), prepaid inpatient health plans (PIHP), prepaid ambulatory health plans (PAHP), primary care case managers (PCCM) and health insuring organizations (HIO).

**CMS Touts Results of ICD-10 Testing:** CMS' [testing](#) of ICD-10 claims yielded higher results in the last testing period than it did in the previous two. CMS heralded the acceptance of 92 percent of ICD-10 claims as proof that the agency is ready for the ICD-10 transition.

**CMS Releases Stage 2 Meaningful Use Rule:** On Friday, CMS released a [proposed rule](#) Programs to align Stage 1 and Stage 2 objectives and measures with the long-term proposals for Stage 3. The proposed rule makes the 2015 meaningful use reporting period 90 days rather than one year and changed patient action requirements in Stage 2.

**Burwell Discusses Opioids at Drug Abuse Summit:** Department of Health and Human Services (HHS) Secretary Sylvia Matthews Burwell [explained](#) the administration's plan to combat opioid abuse at the National Rx Drug Abuse Summit in Atlanta on Tuesday. The plan calls for education about proper prescribing practices for providers, increased use of naloxone, and expanded access to medication-assisted treatment.

**No Special Enrollment Period for Pregnancy:** In a letter to Ranking Member of the Senate Health, Education, Labor, and Pensions (HELP) Committee Patty Murray, HHS Secretary Burwell said that there will not be an option for women who become pregnant to enroll in the federal exchange year-round. Murray and fellow Democrats [had asked](#) the agency to add pregnancy to the list of qualifying life events to allow for special enrollment.

**FTC Critiques ONC Interoperability Roadmap:** Federal Trade Commission (FTC) recommended in a [comment letter](#) to Office of the National Coordinator for Health IT (ONC) that it revise its interoperability roadmap to include new products and competitors in the standards-setting and certification processes for the health care industry. FTC warned that the roadmap as is would not incent patient record sharing, which would limit consumers' choices.

**ONC Releases Information Blocking Report:** In a [report](#) requested by Congress as part of last year's CRomnibus, the ONC states that lawmakers must do more to prevent the intentional blocking of patient record sharing by electronic health record vendors and by health care providers.

**Administration Tackles Health Effects of Climate Change:** The Obama administration announced more than a dozen new measures this week aimed at reducing the potential health effects of climate change. The measures follow the release of a draft [report](#) by the U.S. Global Change Research Program on the relationship between climate change and public health.

**First White House Conference on Aging Brief:** The White House Conference on Aging released its first [policy brief](#), outlining ways in which older adults can “maximize their physical, mental, and social well-being to remain independent and active as they age.”

#### Congressional Initiatives

**Senators to HHS: Combat Antipsychotic Drug Overuse:** In a letter to HHS Secretary Sylvia Matthews Burwell, Senators Tom Carper (D-DE) and Susan Collins (R-ME) asked about the agency’s plan to limit over-prescriptions of antipsychotic drugs. Their letter follows the release of a GAO report, which found that up to 30 percent of seniors with dementia living in nursing homes have received antipsychotic drugs, despite showing no medical need for them. HHS has a task force, the National Partnership to Improve Dementia Care in Nursing Homes, one of whose responsibilities is to monitor the receipt of antipsychotic drugs.

**Markey, Baldwin Seek Funding Increase for Drug Abuse Relief:** Senators Tammy Baldwin (D-WI) and Edward Markey (D-MA) sent a [letter](#) to Senate appropriators urging them to increase funding for drug abuse programs in HHS’ FY 2016 budget. Fourteen other Democratic senators co-signed the letter.

**House Public Health Caucus Formed:** Representatives Gene Green (D-TX) and Rob Whitman (R-VA) [announced](#) they would be forming a caucus to increase awareness of public health issues.

**Roundtable on 21<sup>st</sup> Century Cures:** Republican Conference Chair and Energy and Commerce Committee member Cathy McMorris Rodgers (R-WA) held a [roundtable](#) in Washington State to discuss the 21<sup>st</sup> Century Cures Initiative. McMorris Rodger also published an editorial on [The Spokane Journal](#).

#### Other Health Care News

**Hamburg Named New Advisor at Institute of Medicine:** Former FDA Commissioner Margaret [Hamburg](#) will be the next foreign secretary of the Institute of Medicine. The part-time position entails advising the IOM president on international matters and representing IOM at foreign academies of medicine and science. Hamburg’s appointment begins April 6<sup>th</sup> and lasts until June 2019.

**Medicaid Yields Big Savings for States:** Eight states—Arizona, Colorado, Kentucky, Michigan, New Mexico, Oregon, Washington, and West Virginia—will net \$1.8 billion from Medicaid expansion by the end of 2015. The savings, which are detailed in a [report](#) by the Robert Wood Johnson Foundation, result from increases in tax revenue and federal subsidies and a decline in state spending.

**Nurses Aim to Reduce Workplace Violence:** The American Nurses Association [announced](#) that it will form a 25-member panel to develop an action plan to stop workplace violence and bullying in health care facilities. The panel will soon circulate a draft report, on which the public will have until April 30<sup>th</sup> to comment. The formation of the panel is a response to concern among nurses that they face considerable risk of violence in the workplace.

**Report Raises Alarm on Cost of Breast Cancer Misdiagnoses:** Americans waste more than \$4 billion a year from doctor misdiagnosing and over-diagnosing breast cancer, according to a study in Health Affairs. To lower this cost, the study recommends tailoring patients’ screening schedules to their risk factors, such as obesity, family history, and genetic predispositions.

**Medicaid Directors’ Mixed Review of 21<sup>st</sup> Century Cures:** In a [letter](#) to the House Energy and Commerce Committee, the National Association of Medicaid Directors praised the 21<sup>st</sup> Century Cures Initiative for seeking to expand access to breakthrough treatments. However, the Association also criticized the Initiative for its singular focus on innovation, which the directors say detracts from cutting costs and improving patient safety.

#### Upcoming Congressional Hearings

##### *Senate*

On Tuesday, April 14<sup>th</sup>, the Senate Finance Committee will hold a [hearing](#) titled “Creating a More Efficient and Level Playing Field: Audit and Appeals Issues in Medicare.”

On Thursday, April 23<sup>rd</sup>, the Senate Finance Subcommittee on Health Care will hold a [hearing](#) titled “A Fresh Look at the Impact of the Medical Device Tax on Jobs, Innovation, and Patients.”

##### *House*

On Tuesday, April 14<sup>th</sup>, the House Ways and Means Subcommittee on Health will hold a [hearing](#) on the individual and employer mandates and associated penalties in the ACA.

On Tuesday, April 14<sup>th</sup>, the House Education and the Workforce Subcommittee on Health, Employment, Labor and Pensions will hold a [hearing](#) titled "Five Years of Broken Promises: How the President's Health Care Law Is Affecting America's Workplaces."

On Wednesday, April 15<sup>th</sup>, the House Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies will hold a [hearing](#) on proposed appropriations related to Ebola.

On Thursday, April 16<sup>th</sup>, the House Energy and Commerce Subcommittee on Health will hold a [hearing](#), "Medicare Post Acute Care Delivery and Options to Improve It," which will focus on legislation such as the H.R. 1458, the Bundling and Coordinating Post-Acute Care (BACPAC) Act.

\* \* \*

Boston · Washington [www.mlstrategies.com](http://www.mlstrategies.com)