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## Health Care Update

**Medicare Releases Set of Payment Rules, Physician Fee Schedule on Deck:** As is customary this time of the year, stakeholders have a series of proposed Medicare payment rules to contend with for the upcoming 2016 calendar year.

- On Monday, July 6<sup>th</sup>, the Centers for Medicare and Medicaid Services (CMS) published the [CY 2016 Home Health Prospective Payment System proposed rule](#), which updates payments and requirements for home health agencies under the Medicare program. The rule proposes to cut the national, standardized 60-day episode payment rate in CY 2016 and CY 2017 by 1.72 percent each year. Further, it also implements a new value-based home health initiative that would require all home health agencies to participate in nine randomly selected states starting January 1, 2016. The model would apply a payment reduction or increase to current Medicare-certified home health agency payments, depending on quality performance.
- On July 1<sup>st</sup>, CMS published the [2016 Hospital Outpatient Prospective Payment System \(OPPS\) and Ambulatory Surgical Center \(ASC\) Payment System](#) policy changes, quality provisions, and payment rates proposed rule. The proposed rule would cut payments to ASCs by 1.1% and hospitals by 0.2% according to [CMS estimates](#). However, stakeholders have noted that those estimates do not take sequestration into account.
- Besides the payment cuts, CMS also proposed changes to the controversial “two-midnight” rule so that certain hospital inpatient services that do not extend past two midnights may receive payment under Medicare Part A if a physician determines the patient requires reasonable and necessary admission as an inpatient. Although patient and provider advocates had been pushing for an outright repeal of the rule, most stakeholders lauded the move as a good first step. The rule also proposed additional changes to Medicare payment rules such as restructuring, reorganizing, and consolidating many Ambulatory Payment Classification (APC) groups, resulting in fewer APCs, a continuation of a recent trend.
- Another rule, the Medicare Physician Fee Schedule (PFS), is the next major payment proposal to be published (likely this week). As part of the annual update, stakeholders are anticipating a new policy that would start paying physicians for having advanced-care planning conversations with patients. This policy follows efforts in recent rules (e.g. Chronic Care Management payment) to emphasize quality improving and potential cost saving measures that promote primary care and incentives for services, otherwise not reimbursed/allowed under current Medicare rules.

Comments for the OPPS/ASC proposed rule will be accepted until August 31<sup>st</sup> and September 7<sup>th</sup> for the Home Health rule, while the final rules are expected to be published on or shortly after November 1, 2015.

## Implementation of the Affordable Care Act

**CMS Posts Data on Device, Pharma Payments:** CMS [released](#) Open Payments data Wednesday on payments from pharmaceutical and device companies to doctors and hospitals in 2014. The data includes information about 11.4 million financial transactions attributed to over 600,000 physicians and more than 1,100 teaching hospitals, totaling \$6.49 billion. The ACA's sunshine provision requires the collection of these data, which, to date, are the most comprehensive on the matter.

**CMS Implementing Premium Stabilization Programs:** CMS [implemented](#) two of the ACA's premium stabilization programs – risk adjustment and reinsurance – that are intended to keep premiums affordable while maintaining a range of coverage options. As part of this, CMS released a report detailing the estimated reinsurance payments by issuer and providing additional information on the premium stabilization programs.

**CMS Releases Exchange Data:** CMS released new [data](#) on the 8.8 million people who are enrolled in the 37 states using HealthCare.gov. The data is county-level and provides information regarding race, age, and income.

## Federal Regulatory Initiatives

**CMS Releases 2016 Hospital Outpatient Prospective Payment System:** CMS [released](#) the Calendar Year (CY) 2016 Hospital Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center (ASC) Payment System policy changes, quality provisions, and payment rates proposed rule.

**CMS Releases 2016 Home Health Payment Rules:** CMS [released](#) the CY 2016 payment rates Home Health Prospective Payment System (HHPPS) rates.

**Report Praises SAMSHA on Block Grant Reporting:** The Substance Abuse and Mental Health Services Administration (SAMSHA) finally received a positive [report](#) from the HHS Office of the Inspector General (OIG), which praised the mental health agency for improving its oversight and reporting of block grant funding for substance abuse prevention and treatment. The report contrasts sharply with the last one that assessed the program back in 2003, which concluded that the program is inefficient, ineffective, and accountable.

**HHS Finds Early Dialysis Can Save Lives:** For people with end-stage renal disease (ESRD), undergoing dialysis before a natural disaster can reduce the odds of needing hospitalization or an emergency room visit and of dying in the disaster's immediate aftermath, according to an HHS [study](#) published in the American Journal of Kidney Diseases.

**HHS Launches Ebola Training and Education Center:** HHS' Office of the Assistant Secretary for Preparedness and Response (ASPR) and the Centers for Disease Control and Prevention (CDC), along with several academic institutions, [launched](#) a National Ebola Training and Education Center.

**Training Material on Multiple Chronic Care from HHS:** HHS posted new training [materials](#) online to instruct health care professionals on how to care for people who have multiple chronic conditions. The materials consist of a web-based course, a database of educational resources, and a conceptual model for inter-professional health care.

**HHS Adds Resources for Chronic Care Workers:** HHS [released](#) new training materials to help provide health care professionals with education necessary to care for people living with multiple chronic conditions as part of the agency's Education and Training Resources on Multiple Chronic Conditions (MCC) for the Healthcare Workforce

**CMS Provides Reinsurance for Expensive Patients:** CMS will [give](#) 437 insurers \$7.9 billion through ACA's reinsurance to dilute the financial risk of providing health care to the nation's most expensive patients. CMS originally planned to reimburse insurers for 80% of this care, but now it will now fully reimburse them for 2014.

**New Draft Guidance from FDA on UDIs:** The Food and Drug Administration (FDA) has [issued](#) new draft guidance about the direct marking of unique device identifiers (UDI) on medical devices. The guidance lists exemptions, compliance dates, ways of direct marking, and interpretation of "reprocessing" for direct marking requirements. It comes after the release of other guidance documents about FDA's UDI program, which tracks devices to better process and evaluate adverse event reports.

**FDA Public Meeting on Naloxone:** FDA's Center for Drug Evaluation and Research, along with other health agencies, [held](#) a public meeting to debate whether to expand access to naloxone to curb fatalities induced by opioid drug overdose. The meeting, at which academic and government experts, industry representatives, and patient advocates spoke, centered on at-risk populations and community-wide strategies to combat overdoses.

**PMI Workshop Discusses Participation, Equity in Cohort:** The Precision Medicine Initiative (PMI) Working Group of the Advisory Committee to the National Institutes of Health (NIH) Director (ACD) [hosted](#) a public workshop to discuss two parts of the proposed PMI national research cohort: participant engagement and health equity. In particular, the workshop examined the design of an inclusive cohort, direct-from-participant data provision, public trust, and the characteristics of effective and active participant engagement.

### Congressional Initiatives

**House E&C Pushes HHS on Bird Flu:** House Energy and Commerce Committee leaders [asked](#) Nicole Lurie, HHS Assistant Secretary For Preparedness and Response, if the country is equipped to fight bird flu. Members of Congress expressed concern that the flu, which has already killed tens of millions of birds, could mutate, endangering public health. They asked how the administration plans to parry this threat, and in a separate [letter](#), requested GAO examine this risk and what USDA has done to mitigate it.

**House E&C leaders Press CMS on Medicare Fraud:** House Energy and Commerce Chairman Fred Upton (R-MI) and Oversight and Investigations Subcommittee Chairman Tim Murphy (R-PA) sent a [letter](#) to CMS Acting Administrator Andy Slavitt questioning why CMS eased its improper payment rate target for 2015.

**House Dems Ask for Birth Control Coverage:** Fifty-five House Democrats, led by Representatives Jackie Speier (D-CA) and Suzanne Bonamici (D-OR) [wrote](#) to HHS urging the agency to cover a year's supply of birth control sans cost sharing.

### Other Health Care News

**SCOTUS Will Hear Health Data Sharing Case:** The Supreme Court [announced](#) it will hear *Gobeille v. Liberty Mutual Insurance Company*, which concerns the sharing of clinical data between self-funded insurers and state databases. The plaintiff, the Vermont government, argues that it can collect clinical data from Liberty Mutual, but the insurance giant claims it is exempt through ERISA. The Court of Appeals for the Second Circuit ruled in favor of Liberty Mutual.

**HIMSS Survey on Cyber Risks:** The [2015 HIMSS Cybersecurity Survey](#) found that 87 percent of health care leaders and health security professionals named cybersecurity as a business concern and priority this year. About half of survey respondents also said that they have worked to improve network security.

**IOM Calls for Reduced Patient Wait Times:** The Institute of Medicine (IOM) [found](#) that in America, the range in wait times for health care appointments is vast, with some as short as a few hours and others as long as several months. It urged health care practitioners to implement "system-based approaches" that have reduced lag time in other industries.

**Co-Ops, Medicaid Insurers Offer Cheap Exchange Plans:** Many of the most affordable health care plans on the ACA exchanges are from nonprofit co-ops and previously Medicaid-only insurers, according to an Urban Institute [study](#). The market share of these two groups has grown, despite increased participation among national insurers in the exchanges. The study attributes the rise of nonprofit co-ops to insurance rates that are well-below market averages -- rates that the study predicts will rise next year.

**Seniors Increasingly Opt for Medicare Advantage:** A Kaiser Family Foundation [analysis](#) found that there was an increase of more than one million consumers opting for Medicare Advantage (MA) programs this year—a total of 16.5 million consumers.

### Upcoming Congressional Hearings

#### *Senate*

On July 7<sup>th</sup>, the Senate Health, Education, Labor, and Pensions Subcommittee on Primary Health and Retirement Security will hold a [hearing](#) titled, "Small Business Health Care Challenges and Opportunities."

#### *House*

On July 8<sup>th</sup>, the House Energy and Commerce Subcommittee on Health will hold a [hearing](#) titled, Medicaid at 50: Strengthening and Sustaining the Program."

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