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Health Care Update

SGR Deal Must Wait until after Recess; CMS Outlines Extraordinary Measures: This past week, Congress came the closest it has ever come to fully repealing and replacing the flawed physician payment formula known as the Sustainable Growth Rate (SGR or “doc fix”) since it was established in 1997.

While the House passed H.R. 2, the Medicare Access and CHIP Reauthorization Act ([MACRA](#)), in an overwhelming show of bipartisanship with a 392 to 37 vote on March 26th, the Senate was not able to follow suit before leaving for the two week Easter recess. The Senate is expected to take up the legislation when it returns April 13th. Leading up to the recess, Senate Finance Committee Democrats had threatened to vote against the repeal, due to concerns about the length of the Children's Health Insurance Program (CHIP) reauthorization, while some Senate Republicans voiced serious concerns over passing the SGR bill only partially paid for amid discussions of fiscal responsibility as part of budget negotiations. These concerns—combined with a lengthy debate over the Senate budget—presented procedural hurdles governing the time allocated for debate and limits on amendments.

In the meantime, the Centers for Medicare & Medicaid Services (CMS) clarified to providers that the agency will hold Medicare claims for physician services for up to 10 business days—which would give the Senate about two days to vote on the SGR replacement bill after returning from recess. Without CMS' efforts to stave off the cuts, physicians would face a 21.2 percent cut beginning on April 1st.

While it is rare for Congress to recess without providing certainty at least in the form of a temporary SGR patch, Senate Majority Leader Mitch McConnell (R-KY) and Minority Leader Harry Reid (D-NV) have both pledged to immediately turn to the SGR replacement bill when the Senate returns in April. In addition, President Obama has also indicated he would sign the legislation when it is passed.

When H.R. 2 is signed into law, it will:

- Provide for a 0.5 percent annual payment increase for Medicare providers through 2019;
- Transition Medicare providers to an incentive based payment scheme;
- Incentivize providers to participate in alternative payment models (APMs) designed to improve patient outcomes;
- Extend CHIP funding for two years; and
- Allocate \$7 billion in funding over two years for community health centers.

Implementation of the Affordable Care Act

Burwell Celebrates ACA's 5th in Virginia: To celebrate the 5th anniversary of the ACA, Health and Human Services (HHS) Secretary Sylvia Burwell held a [roundtable](#) with Virginia Governor Terry McAuliffe, state officials, and citizens. Burwell discussed the law's successes including a decrease in insurance rates.

HHS Releases Report on Economic Impacts of the ACA: The Office of the Assistant Secretary for Planning and Evaluation released a [report](#) outlining the economic impacts of Medicaid expansion, uncompensated care costs, and the ACA. The report states that the ACA's coverage expansions resulted in a \$7.4 billion decline in cost.

HHS Announced ACA Action Network: HHS Secretary Burwell [announced](#) the kick off the Health Care Payment Learning and Action Network, which will engage over 2,800 payers, providers, employers, patients, states, consumer groups, consumers, and other partners to accelerate health care delivery system transformations outlined in the ACA.

GAO report on Effect of ACA Tax Credits: The Government Accountability Office (GAO) released a [report](#) finding that ACA tax credits are responsible for expanding health insurance coverage by "significantly" reducing the cost of exchange plans' premiums for those eligible. The report also indicates that non-elderly adults may still have challenges maintaining coverage despite the tax credits.

Other Federal Regulatory Initiatives

White House Launches Antibiotic Resistance Plan: Based on [recommendations](#) released last year by the President's Council of Advisers on Science and Technology, the Obama Administration released a five-year plan outlining ways to combat the spread of superbugs by 2020.

CMS Plans for SGR Cuts: Despite signals that Congress may reach a deal on the SGR before Medicare payment cuts begin March 31st, CMS [alerted providers](#) of contingency plans should the cuts not be averted. Electronic claims will be held for 14 calendar days and paper claims for 29 days after the date of receipt.

CMS Releases Proposed Stage 3 Rule: CMS released [proposed rules](#) for Stage 3 of the meaningful use program, which outlines criteria that eligible professionals and hospitals must meet to receive Medicaid electronic health records (EHR) incentive payments.

HHS Launches New Opioid Abuse Initiative: Secretary Burwell [announced](#) a targeted initiative aimed at reducing prescription opioid and heroin related overdose, death and dependence. The initiative will use the \$133 million in new funding from the President's proposed FY 2016 budget to provide training and education, increase use of naloxone, and expand the use of Medication-Assisted Treatment (MAT).

HHS Launched HIV Storytelling Project: HHS announced the new tool, [Positive Spin](#), which is a comprehensive digital educational tool that uses personal storytelling to promote the importance of getting people with HIV into treatment.

ONC Proposes 2015 Health IT Certification Guidelines: The Office of the National Coordinator (ONC) released [proposed](#) new 2015 certification criteria for health information technology (IT) certification to make it open and accessible to more types of health IT and health IT that supports various care and practice settings.

Proposal Addressing Financial Incentives for Wellness: The Equal Employment Opportunity Commission (EEOC) proposed a [rule](#) addressing the interplay of the Americans with Disabilities Act (ADA) and the ACA, implementing financial incentives for wellness programs offered through group health plans.

GAO Report on CHIP and QHPs: A GAO [report](#) examining the intersection of CHIP plans with qualified health plans (QHPs) found that CHIP plan coverage was generally comparable to that of the selected private QHPs.

FCC and FDA Announce Joint Medical Technology Workshop: The Federal Communications Commission (FCC) and the Food and Drug Administration (FDA) [announced](#) the agencies will host a public workshop, "Promoting Medical Technology Innovation – The Role of Wireless Test Beds." The focus will be on the role of wireless medical test beds and their effect on the development of medical technology for clinical and non-clinical settings.

CDC Releases Uninsured Data: The Centers for Disease Control (CDC) [National Health Interview Survey](#) found that the uninsured rate among adults ages 18 to 64 fell from 20.4 percent in 2013 to 16.7 percent in the first nine months of 2014.

NIH Forms Precision Medicine Team: As part of the President’s Precision Medicine Initiative research initiative, the National Institutes of Health (NIH) [formed a team](#) of experts in precision medicine and large clinical research studies which will “will deliver a preliminary report in September 2015 that will inform efforts to accelerate the understanding of individual differences that play a role in health, with the goal of informing better prevention and treatment strategies tailored for each person.”

Congressional Initiatives

Republican Bill Addresses Self-Insured Employees: Senate Health, Education, Labor, and Pensions (HELP) Committee Chairman Lamar Alexander (R-TN), Senator Bill Cassidy (R-LA), and Representative Phil Roe (R-TN) [introduced](#) legislation that would allow employers to continue to offer self-insured group health plans, or stop-loss insurance.

Senate HELP Hearing on Research and Development: In the Senate HELP Committee’s second [hearing](#) on the committee’s initiative to promote the discovery and development of products, Chairman Lamar Alexander (R-TN) said the FDA “has struggled to regulate the most cutting-edge medical products.” Witnesses from research, venture capital, academia, and industry testified on how to improve the medical product development landscape.

Other Health Care News

Pediatric Group Writes Congress on CHIP: The American Academy of Pediatrics [sent a letter](#) to House Speaker John Boehner (R-OH) and Minority Leader Nancy Pelosi (D-CA) saying that predictability about CHIP and its future is important regardless of whether the program is extended for two years or four years.

Health Survey Shows Impediments to Latino Enrollment: A [study](#) conducted by the Robert Wood Johnson Foundation Center for Health Policy at the University of New Mexico found that the ACA has decreased the percentage of Latinos who are uninsured but that 25 percent of Latinos said they heard “nothing at all” about the health insurance marketplaces, and another 28 percent indicated that they have heard “not that much.”

JAMA Study on Child Nutrition: According to a [study](#) published in JAMA Pediatrics, the percentage of children eating fast food on any given day has fallen from 38.8 percent in 2003-2004 to 32.6 percent in 2009-2010—resulting in a levelling off in childhood obesity rates.

Upcoming Congressional Hearings

The House and Senate are in Recess.

On Monday, March 30th, House Energy and Commerce Committee Member and Republican Conference Chair Cathy McMorris Rodgers (R-WA) will hold a field [roundtable](#) discussion to examine the 21st Century Cures Initiative, including the importance of technology and medical innovation in the discovery, development, and delivery cycle of cures and treatments.

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