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HEALTH CARE UPDATE

February 18, 2014

- **Employer Mandate Delayed:** The Department of the Treasury and the IRS issued final regulations delaying the implementation of the Affordable Care Act's (ACA) employer mandate. Employers with between 50 and 99 employees will have one more year before they have to comply with the mandate, though they will have to report on their workers and coverage in 2015. Employers with 100 or more employees will be required to phase in the number of workers who are offered coverage, with 70% of employees offered coverage in 2015 and 96% in 2016 and beyond. The move was criticized by Republicans on the House Energy and Commerce Committee, who sent a letter to Treasury Secretary Jack Lew requesting documents related to the delay. Democrats defended the delay, with Minority Leader Nancy Pelosi (D-CA) calling the delay a reflection of the Administration's commitment to smoothly implement the ACA and provide employers transitional flexibility.
- **CMS eyeing outpatient and chronic disease bundled payments:** Citing the need to complement a portfolio of pilot projects that focus mostly on primary care and the inpatient setting, CMS released a Request for Information (RFI) on February 11th, seeking input on potential payment and care delivery models that focus on outpatient specialty care and complex/chronic disease management care. As compared to the initiatives currently underway through the Center for Medicare and Medicaid Innovation (CMMI), this latest RFI has the potential to impact a broader group of health care stakeholders, such as drug manufacturers, diagnostic companies, laboratories, and a variety of physician specialty providers ranging from anesthesiology to radiology. We wrote more about the RFI and potential impact on stakeholders on our blog, "Health Policy Law Matters".
- **Researches Identify Drug Adherence Plan Features:** A study by Harvard and CVS Caremark Group, published on February 12th by Health Affairs, found five health plan features that result in improved medication adherence. The study looked at value-based insurance design (VBID) plans that generally promote services when clinical benefits are greater than the costs of those services. The report identifies "more generous" copay reductions, high-risk patient targeting, wellness programs, making reduced copays available for mail order drugs, and the lack of a disease management program as the five main factors in improving adherence.

Implementation of the Affordable Care Act

HHS Releases January Enrollment Numbers: The Department of Health and Human Services (HHS) [released](#) the ACA's enrollment numbers for January. The total number of enrollees increased by 53% to 3.3 million, and 25% of these enrollees are between the ages of 18 and 34.

CMS Offers Enrollment Extension: Due to scheduled maintenance on the data services hub over the President's Day weekend, the Centers for Medicare and Medicaid Services (CMS) is [allowing](#) those signing up for insurance through [healthcare.gov](#) to call CMS beginning on February 18th to request coverage with an effective date of March 1st.

Uninsured Rate Falls: A new Gallup survey [found](#) that the percentage of uninsured Americans dropped to 16% in the first quarter of 2014, putting it on track to drop to the lowest level measured since 2008. The authors noted that if the rate continues to fall over the next several months, it suggests the ACA is responsible for the decline.

Senators Question Mandate's Enforcement: Six Republican Senators [wrote a letter](#) to IRS Commissioner John Koskinen, asking him to clarify how the agency will enforce the ACA's individual mandate tax.

Republican Leaders Question Medicare Cuts: Speaker John Boehner (R-OH), House Majority Leader Eric Cantor (R-VA), and four other House Republican leaders [sent a letter](#) to express their concern about the impact of cuts made by the ACA on the Medicare Advantage program.

Representatives Request Investigation of Covered Oregon: Representative Greg Walden (R-OR) and other members of the House Energy and Commerce Committee [wrote a letter](#) to the Government Accountability Office requesting an investigation into Oregon's online exchange Covered Oregon.

Republicans to Attack 30 Hour Workweek: In an op-ed published on the National Review Online, House Majority Leader Eric Cantor [stated](#) that House Republicans will vote on a bill changing the ACA's definition of full-time work as a 30 hour workweek.

8.1 Million Latinos Eligible for ACA Credits: HHS [released](#) a report which found that eight in ten uninsured Latinos are eligible for tax credits to purchase health insurance through the marketplaces, or for coverage through Medicaid or the Children's Health Insurance Program.

Other Federal Regulatory Initiatives

NY/HHS Reach Agreement on Waiver: New York has [reached](#) an agreement in principle with HHS on a federal waiver allowing the state to reinvest \$8 billion in federal savings generated by the Medicaid Redesign Team to preserve health services in Brooklyn and other struggling hospitals.

Cancer Panel Urges HPV Vaccination: In its annual report, the President's Cancer Panel [stated](#) that underuse of HPV vaccines leads to preventable cancers and presented four goals to increase HPV vaccine uptake.

CBO Explains Report on ACA: Following the controversy over the Congressional Budget Office's (CBO) report on the labor market effects of the ACA, the CBO [released](#) a report clarifying their findings and countering several misconceptions.

Drug Shortages Increasing: The Government Accountability Office (GAO) [released](#) a report which found that the total number of drug shortages has increased since 2007, forcing providers to ration care or rely on less effective drugs.

HHS Joins International Coalition: HHS Secretary Kathleen Sebelius [announced](#) that the US will be partnering with 26 countries, the World Health Organization, and Food and Agriculture Organization, and the World Organization for Animal Health to combat infectious diseases.

Meaningful Differences Affects 7.4 Million: Avalere Health [released](#) an analysis which found that 7.4 million Medicare beneficiaries in enhanced prescription drug plans (PDP) could be affected by the proposed Meaningful Differences rule released by CMS in January, which may terminate or consolidate 214 enhanced PDPs.

Other Congressional and State Initiatives

Senate HELP Urges Removal of Tobacco Products: Members of the Senate HELP Committee [sent letters](#) to Walgreens, Rite Aid, and the National Association of Chain Drug Stores urging them to follow CVS' example and remove tobacco products from their stores.

House Oversight Urges Action on Overpayments: Republican leaders of the House Oversight and Government Reform Committee [sent a letter](#) to HHS Secretary Sebelius, urging her to recover overpayments made to the New York state's Medicaid program before approving the waiver allowing New York to reinvest federal money saved by the Medicaid Redesign Team.

Other Health Care News

Senators Promote Telehealth Services: Former Senate Majority Leaders Tom Daschle and Trent Lott, along with former Senator John Breaux, [launched](#) the Alliance for Connected Care to promote telehealth and remote patient monitoring policies. Board members include Verizon, WellPoint, CVS, and Walgreens, among others.

Hearings and Mark-Ups Scheduled

The Senate and the House are in Recess.