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HEALTH CARE REFORM UPDATE

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Special Report: Congressional Budget Office Estimates

The Congressional Budget Office (CBO) released several estimates this week about the costs and effects of the ACA and other health care provisions.

On March 13th CBO released updated baseline budget projections for fiscal years 2012 to 2022. The baselines indicate projected spending on several programs if policies remain generally the same as they are today. The estimates indicate that the costs of both Medicare and Medicaid will more than double over the next decade.

- A CBO press release can be found [here](#).
- A summary of the updated baseline budget projections can be found [here](#).
- The updated baselines for CHIP can be found [here](#).
- The updated baselines for Health Insurance Exchanges can be found [here](#).
- The updated baselines for Medicaid can be found [here](#).
- The updated baselines for Medicare can be found [here](#).

On March 13th CBO released updated estimates on the costs and effectiveness of the ACA's health insurance coverage provisions, including health insurance exchanges and tax subsidies. The updated estimates indicate that these provisions will be less expensive and cover fewer people than previously estimated. CBO estimates that these provisions will cost \$1.1 trillion between 2012 and 2021, \$50 billion less than previously estimated. The provisions will reduce the number of individuals without health insurance by 30 million, about 2 million less than previously expected. The updated analysis can be found [here](#).

On March 13th Senator Mike Enzi (R-WY), Ranking Member of the Senate Health, Education, Labor and Pensions Committee, issued a statement blaming the ACA for increasing the cost of Medicaid by "forcing many more Americans into this mismanaged, government run health program." Senator Enzi's statement can be found [here](#).

On March 15th CBO released a report estimating the effect of the ACA on the number of individuals obtaining employment-based coverage. The report estimates that 3 million to 5 million fewer individuals will obtain coverage through an employer than would have without the ACA. CBO cites a number of reasons for the decline. Some employers would drop coverage, which would generally be offset by an increase in workers' salaries. Other employees would continue to offer coverage, but some employees would choose to forego coverage in favor of other options created by the ACA, such as participation in exchanges. The report can be found [here](#).

On March 15th House Budget Committee Chairman Paul Ryan (R-WI) released a statement claiming that the estimates of reduced employment-sponsored coverage shows that the ACA will result "sharp disruptions to [Americans'] coverage and their care." Representative Ryan's statement can be found [here](#).

On March 16th CBO released its analysis of the President's proposed budget for FY2013. CBO estimates that the President's budget would increase the deficit by \$3.5 trillion from 2013 to 2022. The analysis can be found [here](#).

Implementation of the Affordable Care Act (ACA)

On March 12th the Department of Health and Human Services (HHS) issued a final rule describing the standards for state-based health insurance exchanges. The rule describes the standards by which exchanges must make health plans available to individuals and small employers. The rules grant considerable flexibility to the states in determining how exchanges will operate. America's Health Insurance Plans (AHIP) applauded the flexibility given to the states in the rule. The final rule can be found [here](#). An HHS fact sheet on the rule can be found [here](#). AHIP's response can be found [here](#).

On March 13th the Centers for Medicare and Medicaid Services (CMS) announced that it would partner with eleven states to implement the Medicaid Emergency Psychiatric Demonstration Project. The project, which is authorized by the ACA, seeks to determine whether individuals with psychiatric emergencies get better care when institutions for mental diseases are reimbursed by Medicaid. A CMS press release can be found [here](#).

On March 14th CMS announced that 23 additional sites had been selected to participate in the Community-Based Care Transitions Program (CCTP). Participants in CCTP partner with CMS to test ways to maintain quality care for patients during care transitions. A list of the additional participants can be found [here](#).

On March 15th the New Jersey legislature passed a bill to create a health insurance exchange in the state. Governor Chris Christie (R) has stated that he wants to wait until the Supreme Court rules on the constitutionality of the ACA before creating an exchange. Local news coverage of the vote can be found [here](#).

On March 15th Republicans in the Maine Legislature blocked legislation that would set up a health insurance exchange in the state. Local news coverage can be found [here](#).

On March 16th HHS issued final rules related to reinsurance, risk corridors, and risk adjustment. These provisions of the ACA are designed to mitigate the effects of adverse selection on health insurers and to reduce incentives for insurers to “cherry-pick” healthier applicants. The final rule can be found [here](#). A fact sheet describing the programs can be found [here](#).

On March 16th CMS released final rules implementing the ACA’s Medicaid eligibility expansion. The ACA requires states participating in Medicaid to cover all individuals with incomes below 133% of the federal poverty line beginning in 2014. The new rules describe how this expansion will be implemented and also describe how Medicaid will interact with state-based health insurance exchanges. The CMS news release can be found [here](#). The final rule can be found [here](#).

On March 16th HHS, the Department of Labor, and the Treasury Department issued an Advanced Notice of Proposed Rulemaking describing how they plan to implement a religious exemption to the requirement that employer-provided health plans cover contraception. Under the proposed rule, a religious employer’s health insurer would be required to provide contraception coverage directly to the employees, at no cost to the employee and without the employer’s participation. The notice does not describe how self-insured employers will be treated, but lists several options the departments are considering and requests input on the options. An HHS news release can be found [here](#). The Advanced Notice of Proposed Rulemaking can be found [here](#).

On March 16th CMS released a final rule relating to ACA’s provisions regarding student health insurance coverage. The rule exempts student health insurance coverage from certain provisions of the ACA and the Public Health Service Act. The rule can be found [here](#).

Other HHS and Federal Regulatory Initiatives

On March 12th the Medicare Payment Advisory Committee (MedPAC) released its annual report to Congress on Medicare Payment Policy. MedPAC’s recommendations include permanently repealing the sustainable growth rate (SGR) system and reimbursing physician visits in hospital outpatient departments at the same rate as visits in physician offices. A fact sheet on the report can be found [here](#). The report can be found [here](#).

On March 15th the Centers for Disease Control announced that it was launching the “Tips from Former Smokers” campaign, a national ad campaign describing the effects of smoking and exposure to secondhand smoke. An HHS news release can be found [here](#).

On March 15th CMS announced the “Initiative to Reduce Avoidable Hospitalizations among Nursing Facility Residents.” CMS will work with independent organizations, including nursing facilities, physicians, and care management organizations, to improve care in nursing homes and reduce avoidable hospitalizations. A CMS press release can be found [here](#).

Other Congressional and State Initiatives

On March 9th Congressional Republicans stated that they planned to link a bill to repeal the ACA’s Independent Payment Advisory Board (IPAB) to a bill that would cap medical malpractice awards. While the IPAB repeal had significant support from Democrats in Congress, much of that support has

fallen away with the bill linked to tort reform. A summary of news coverage on the issue can be found [here](#).

On March 15th HHS announced plans to phase out funding of the Texas Medicaid Women's Health Program after a state law was passed that excluded clinics associated with abortion providers from the program, even if the clinics themselves do not provide abortions. HHS has claimed that such an exclusion is not allowed under the program. Local news coverage can be found [here](#).

Hearings & Mark-ups Scheduled

Senate

On March 22nd the Senate Finance Subcommittee on Health Care will hold a hearing entitled "Prescription Drug Abuse: How are Medicare and Medicaid Adapting to the Challenge?" More information can be found [here](#).

On March 26th the Senate Judiciary Subcommittee on Crime and Terrorism will hold a hearing entitled "Protecting Medicare and Medicaid: Efforts to Prevent, Investigate, and Prosecute Health Care Fraud." More information can be found [here](#).

House of Representatives

On March 19th the House Energy & Commerce Subcommittee on Health will hold a hearing entitled "A Review of Efforts to Prevent and Treat Traumatic Brain Injury." More information can be found [here](#).

On March 20th the House Education & the Workforce Committee will hold a hearing entitled "Ensuring Regulations Protect Access to Affordable and Quality Companion Care." More information can be found [here](#).

On March 20th the House Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies will hold a hearing on the NIH budget. More information can be found [here](#).

On March 21st the House Energy & Commerce Subcommittee on Oversight and Investigations will hold a hearing entitled "The Center for Consumer Information and Insurance Oversight and the Anniversary of the Patient Protection and Affordable Care Act." More information can be found [here](#).

On March 21st the House Armed Services Subcommittee on Military Personnel will hold a hearing entitled "Defense Health Budget Overview." More information can be found [here](#).