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HEALTH CARE REFORM UPDATE

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Implementation of the Affordable Care Act

On February 26th the Government Accountability Office (GAO) released a report on the impact of the ACA on the federal debt. The GAO says that the fiscal impact of the ACA will largely depend on if components of the ACA designed to sustain costs are maintained. The report suggests that federal health care spending will continue to grow at a faster rate than the economy. The report from the GAO can be found [here](#).

On February 26th New Jersey Governor Chris Christie (R) stated he will accept the optional Medicaid expansion that is part of the ACA. Gov. Christie indicated that he does not like the ACA, but he said the best choice needed to be made for New Jersey's residents. The expansion will save New Jersey \$227 million in the next fiscal year. More details on Gov. Christie's decision are available [here](#).

On February 26th Arkansas Governor Mike Beebe (D) said the federal government is willing to allow a Medicaid expansion that will provide private insurance to about 250,000 Arkansas residents. Instead of these residents being added to the state's Medicaid program, the federal government will pay for private insurance through the state's exchange. The compromise appears to make it more likely that the state's legislature will approve expansion. An article on the potential expansion is available [here](#).

On February 27th the North Dakota House voted to expand Medicaid in the state. Many Republican lawmakers said they are unhappy with expansion but feel it is the only choice to avoid increased costs in the future for North Dakotans. The measure now moves to the Senate for full approval. An article on the vote and statements from Republicans are available [here](#).

On February 27th Montana Governor Steve Bullock (D) released the state's plans to expand Medicaid coverage to 70,000 residents. Gov. Bullock says the plan will create 5,000 new jobs next year and uses tax dollars for the benefit of Montanans. The bill introduced in the Montana legislature allows the state

to opt out of expansion if the federal government does not meet its commitment to provide funding. The plan from Gov. Bullock is available [here](#).

On February 27th Liberty University continued its pursuit to strike down the ACA. Liberty, in a brief filed with the 4th Circuit Court of Appeals, objected to the employer mandate and mandatory coverage of contraceptives. The school also said the entire law should be struck down because tax bills must originate in the House, not the Senate. The Liberty brief can be read [here](#).

On February 28th Senator Orrin Hatch (R-UT), Ranking Member of the Senate Finance Committee, and 26 cosponsors introduced legislation to repeal the employer mandate that is part of the ACA. The ACA states that businesses with 50 or more employees must provide health insurance or risk paying a fine. Senator Hatch said the provision is a drag on the economy and discourages hiring. A press release from Senator Hatch can be read [here](#).

On March 1st the Office of Personnel Management (OPM) released a final rule on the Multi-State Plan Program (MSPP) that is part of the ACA. The rule indicates that health insurance issuers must offer at least two multi-state plans within each of the exchanges, with one of the issuers being a non-profit. The stated goal of the rule is to provide a level playing field across health plans. The rule can be viewed [here](#).

On March 1st the Centers for Medicare and Medicaid Services (CMS) issued a proposed rule to establish provisions of the Small Business Health Options Program (SHOP) that is part of the ACA. The rule would allow for special enrollment periods for qualified employees and dependents and provide a transitional policy of choice for qualified health plans (QHPs) within the SHOP. Details on the rule are available [here](#).

On March 1st CMS released a final rule on several components of the ACA. The final rule includes guidelines for risk adjustment, reinsurance, and risk corridors programs, cost-sharing reductions, user fees for federal exchanges, the medical loss ratio program, advance payments of the premium tax credit, and the SHOP. The rule can be read [here](#). A fact sheet on the rule is available [here](#).

Other HHS and Federal Regulatory Initiatives

On February 28th HHS Secretary Sebelius announced that public voting has started for the People's Choice Award in the HHS *Innovates* Program. The program recognizes HHS employees who design original projects that help address some of the nation's most challenging health care problems. Public voting runs through March 8th, with an awards ceremony set to take place on March 19th. The release from HHS is available [here](#). Voters are able to cast their ballot [here](#).

On March 1st Secretary Sebelius announced new and continuing members of the Health Information Technology (HIT) Policy and Standards Committees that provides HIT stakeholders with an avenue to advise HHS on issues related to HIT. The HHS news release can be found [here](#).

On March 1st the Office of Management and Budget (OMB) sent a detailed report to Congress on the pending effects of the sequestration on the government. Congress had through the end of February to act to reverse the across-the-board cuts but failed to do so. A copy of the report addressed to House Speaker John Boehner (R-OH) can be found [here](#).

Other Congressional and State Initiatives

On February 26th Arkansas Governor Mike Beebe (D) vetoed a bill to ban an abortion 20 weeks into a pregnancy except in a medical emergency. Gov. Beebe said the bill goes against Supreme Court precedent and would cost state taxpayers in the event of a lawsuit. The statement from Gov. Beebe is available [here](#). On February 28th the Arkansas legislature voted to override Gov. Beebe's veto. The law will take effect immediately. The latest details on the legislation are available [here](#).

On February 26th the Senate Finance Committee, by a 23-1 vote, approved moving to the full Senate William Schultz's nomination to be HHS general counsel. Senator Chuck Grassley (R-IA) was the sole vote against the nomination. Senator Grassley is frustrated that he has not received information from HHS on changes to Medicare and employee email monitoring. Details on the nomination are available [here](#).

On February 28th Senator Orrin Hatch (R-UT), Ranking Member of the Senate Finance Committee, Representative Dave Camp (R-MI), Chairman of the Ways & Means Committee, and Representative Fred Upton (R-MI), Chairman of the Energy & Commerce Committee, sent a letter to CMS Acting Administrator Marilyn Tavenner that asked how \$300 billion in cuts to Medicare Advantage will impact the nation's seniors. The cuts are part of the ACA. The letter from the Republicans can be viewed [here](#).

On March 1st the Congressional Budget Office (CBO) reported that a chained CPI model would reduce government spending on healthcare by \$28.5 billion over the next 10 years. Savings would primarily be achieved through changes in Medicare and Medicaid payments and ACA-related provisions. The CBO projections are available [here](#).

Other Health Care News

On February 25th the New England Journal of Medicine (NEJM) published a study that suggests people at a high risk for heart disease can use a Mediterranean diet to prevent about 30% of major cardiovascular events like a heart attack or stroke. The report indicates that olive oil and nuts are especially effective at reducing risk. The report is available [here](#).

On February 25th C. Everett Koop, the U.S. Surgeon General during President Reagan's administration died at the age of 96. Koop was instrumental in educating the American public about AIDS prevention and the dangers of smoking. An article on Koop's life and career is available [here](#).

On February 26th the Brookings Institution released a Medicare cost-savings proposal that would result in \$125 billion less being spent on Medicare over 10 years. The plan proposes a progressive out-of-pocket maximum for Medicare costs and a tax on supplemental coverage. The proposal can be viewed [here](#). Another report from Brookings says that a transition to bundled Medicare payments could reduce the deficit by \$100 billion over 10 years. That report, from Michael Chernew and Dana Goldman, is available [here](#).

On February 26th U.S. News and World Report released its list of the top nursing homes in the country. The fifth annual list ranks nursing home based on health inspections, nurse staffing, and quality measures criteria. The full rankings can be viewed [here](#).

On February 27th the Journal of the American Medical Association released a report indicating that the number of advanced cases of breast cancer is increasing in younger women ages 25-39. The report notes that the trend is concerning because younger women do not have a routine screening practice and often lack proper health insurance. The report is available [here](#).

On February 27th Census Bureau data indicated that 55% of people in the United States had employer-based insurance in 2011. The percentage of people in the country with employer insurance has dropped in the last decade. About two-thirds of employers offer health insurance for a spouse who is not covered. The Census report is available [here](#).

On February 28th a poll released by the Texas Hospital Association indicated that over half of voters in the state support Medicaid expansion. Governor Rick Perry (R) has rejected the idea of expanding the program. Details on the poll are available [here](#).

On March 4th the National Commission on Physician Payment Reform issued a comprehensive report with recommendations to reform the way doctors are paid in order to rein in health care costs. A copy of the report can be found [here](#).

Hearings and Mark-Ups Scheduled

House of Representatives

On March 5th the House Appropriations Committee will hold a hearing on housing and human services public health and research organizations. More information is available [here](#).

On March 5th the House Energy & Commerce Oversight and Investigations Subcommittee will hold a hearing called, "After Newtown: A National Conversation on Violence and Severe Mental Illness." Additional details are available [here](#).

On March 5th the House Ways & Means Oversight Subcommittee will hold a hearing on the tax-related provisions in the Affordable Care Act. Additional information on the hearing is available [here](#).

On March 6th the House Small Business Committee will hold a hearing titled, "The Health Care Law: Implementation and Small Businesses." More information can be found [here](#).

On March 6th the House Energy & Commerce Subcommittee on Health will hold a hearing titled, "Sustainability in Entitlement Programs." More information can be found [here](#).

On March 7th the House Energy & Commerce Subcommittee on Health will hold a hearing entitled, "Unaffordable: Impact of Obamacare on Americans' Health Insurance Premiums." Additional details can be found [here](#).