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HEALTH CARE REFORM UPDATE

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Implementation of the Affordable Care Act (ACA)

On April 23rd the Centers for Medicare and Medicaid Services (CMS) Office of the Actuary released a report finding that the ACA will save the Medicare program over \$200 billion through 2016. The report estimates \$68 billion in savings from reducing excessive payments to Medicare Advantage (MA) plans, \$85 billion related to improved productivity by health care providers, \$10 billion in savings due to patient safety initiatives in the Partnership for Patients program, and \$8 billion related to fighting fraud, and \$41 billion net savings in other areas. The report can be found [here](#). A CMS news release can be found [here](#).

On April 23rd the Government Accountability Office (GAO) released a report recommending that CMS cancel the MA Quality Bonus Payment Demonstration. Under the program, CMS has proposed to test an alternative method for awarding quality bonuses to MA plans. The GAO report finds that the program will cost over \$8 billion over ten years, much of which will be paid to plans with mediocre ratings. The report also emphasizes that the demonstration plan differs significantly from the quality bonus program described in the ACA and that its design makes it impossible to credibly evaluate the results of the demonstration. The report can be found [here](#).

On April 25th the Vermont legislature passed a bill authorizing the creation of a health insurance exchange in the state. Local news coverage can be found [here](#).

On April 26th the Department of Health and Human Services (HHS) released a final rule implementing the Medicaid Community First Choice Program. The program provides state Medicaid programs increased matching funds for providing community-based services to beneficiaries who would otherwise be in a nursing home. The final rule can be found [here](#). An HHS news release can be found [here](#).

On April 26th HHS announced sixteen organizations that have been selected to participate in the Independence-at-Home Demonstration. The demonstration seeks to provide home-based primary care to chronically ill Medicare beneficiaries. A fact sheet on the program and a list of the initial participants can be found [here](#).

On April 26th the CMS Center for Consumer Information and Insurance Oversight (CCIIO) and the IRS each released bulletins regarding employer-provided health insurance and the availability of premium tax credits to individuals. The ACA makes tax credits available to help individuals pay insurance premiums—but these credits do not apply if the individual is eligible for employer-provided coverage and that coverage provides “minimum value.” The CCIIO bulletin describes the procedures CCIIO intends to use to verify whether an employee has access to employer-provided coverage. The IRS bulletin describes how the IRS intends to determine whether coverage offered by an employer provides minimum value. The CCIIO bulletin can be found [here](#). The IRS bulletin can be found [here](#).

On April 27th the House voted to pass a bill that uses funds taken from the ACA’s preventive care fund to pay for a measure that would keep student loan interest rates from doubling in July. While the effort to stop the automatic increase in interest rates has bipartisan support, Democrats have opposed using the prevention fund to pay for the measure, and the White House has threatened to veto the bill. A statement from the White House can be found [here](#).

Other HHS and Federal Regulatory Initiatives

On April 21st the FDA released a report describing actions it has taken to improve its post-market drug safety surveillance. The report can be found [here](#).

On April 23rd the Trustees for Medicare and Social Security issued their annual report on the solvency of the two programs. The report estimates that the Medicare Trust Fund will run out of money by 2024—the same estimate as last year’s report. The trustees note that, although spending has increased, the increase is offset by 2 percent cut passed by Congress last year. The report can be found [here](#).

On April 24th CMS issued a proposed rule that would update Medicare payment rates under the Inpatient Prospective Payment System and the Long-term Care Hospitals Prospective Payment System. The rule also seeks to strengthen the Inpatient Quality Reporting program, which adjusts Medicare payments to hospitals based on quality measures. The proposed rule can be found [here](#). A CMS news release can be found [here](#).

On April 24th GAO released a report evaluating CMS’s efforts to protect Medicare from fraud. The report finds that, while progress has been made, more could be done. In particular, the GAO noted that CMS has not taken steps to improve provider screening. The report can be found [here](#).

On April 25th the Patient-Centered Outcomes Research Institute (PCORI) voted to make several amendments the institute’s draft research agenda in response to comments it had received. A press release can be found [here](#).

On April 25th the Office of National Drug Control Policy released a report on prescription drug abuse in the United States. The report finds that first-time prescription drug abusers usually get their drugs

from friends or family members, often without permission. The report can be found [here](#). A White House press release can be found [here](#).

Other Congressional and State Initiatives

On April 25th the Senate Health, Education, Labor and Pensions Committee voted on a bipartisan basis to pass its version of a bill to reauthorize the FDA's user fee programs. On April 26th The House Energy and Commerce Health Subcommittee postponed a markup of its version of the reauthorization until May. A summary of the Senate bill can be found [here](#). The House bill can be found [here](#). News coverage on the progress of the two bills can be found [here](#).

On April 26th the House Energy and Commerce Subcommittee on Oversight issued a report claiming that the ACA will cause many employers to drop employee health care coverage, while also raising health care costs and creating confusion. The report can be found [here](#). A press release can be found [here](#). A response from Democrats on the Committee, calling the report "fundamentally misleading," can be found [here](#).

Other Health Care News

On April 23rd the Archives of Internal Medicine published a report finding huge disparities in the cost of receiving an appendectomy at different hospitals in California. The study found costs ranging from \$1,500 to \$180,000. While some of this variation can be attributed to identifiable factors such as patient health, researchers could find no reason for one-third of the cost differences. The paper can be found [here](#).

On April 24th Health Affairs released three papers describing trends in the adoption of health information technology. One paper describes electronic health record (EHR) adoption rates among office-based providers, and finds that smaller practices lagged behind larger practices in adoption, as did the practices of older physicians. The paper can be found [here](#). A second paper describes EHR adoption rates among hospitals, finding that small hospitals and rural hospitals were among the slowest to adopt EHR systems. The paper can be found [here](#). A third paper examined the extent to which providers were eligible for incentive payments for EHR adoption under the HITECH Act, finding that only 11 percent of providers met stage one meaningful use requirements. The paper can be found [here](#).

On April 24th the Employee Benefits Research Institute released a study describing trends in employment-based health benefits from 1997 to 2010. During that time, the percentage of workers offered health benefits decreased from 70.1 percent to 67.5 percent, and the percentage of workers covered by plans decreased from 60.3 percent to 56.5 percent. The results can be found [here](#).

On April 24th the Alliance of Community Health Plans and Avalere released a report describing actions taken by health plans to reduce hospital readmissions. The report emphasizes key practices that have been successful, such as using data to tailor care transition programs to patients and involving patients in the transition process early on. The report can be found [here](#).

On April 25th Levin Associates released a report describing trends in health care mergers and acquisitions. The report finds that the number of health care mergers and acquisitions is continually

increasing “as both strategic and financial buyers invest more of their capital in the various sectors of health care.” The report can be found [here](#).

On April 26th the GAO released a report finding that between 36 million and 122 million individuals have preexisting conditions that could make the ineligible for private health insurance. The report can be found [here](#).

On April 26th the Kaiser Family Foundation released a report estimating that U.S. consumers and businesses will receive \$1.3 billion in rebates from insurance companies in 2012 through the ACA’s medical-loss ratio provisions. The provisions require insurers who spend more than 20 percent of premium dollars on administrative expenses to send rebates to consumers and employers. The report can be found [here](#).

On April 26th the Commonwealth Fund released a new report recommending that HHS target communities with high numbers of chronically ill patients and leverage primary care delivery, payment reform, and health IT to improve care and lower costs. The report can be found [here](#).

Hearings & Mark-ups Scheduled

The House of Representatives and the Senate are both in recess this week.