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## Health Care Update

**SGR Reform Takes Center Stage in the House:** Last week, the House Energy and Commerce Subcommittee on Health held a two-day hearing to explore a permanent solution to the sustainable growth rate (SGR) physician payment formula. The SGR patch – also known as the “Doc Fix” – would replace the SGR methodology for physician reimbursement under Medicare. Without reform or a patch, physicians would face a close to 25 percent cut in payments. In the first day of hearings, the Subcommittee heard testimony from thought leaders in the health care community—including former Senator Joe Lieberman, Dr. Alice Rivlin, of the Bipartisan Policy Center, and Dr. Marilyn Moon, of the American Institutes for Research—on ways in which to advance the bipartisan, bicameral SGR legislation that was agreed to last year by the House Energy and Commerce, House Ways and Means, and Senate Finance Committees. On the second day, industry stakeholders—including representatives from hospital and physician groups among others—shared their thoughts on SGR reform.

Key to the hearings was how to offset the cost of the tri-committee agreement, which—combined with passing Medicare extenders—has been estimated to be \$180 billion. While some Democratic Members of the Subcommittee, including full-committee Ranking Member Frank Pallone (D-NJ), asserted that Congress does not need to pay for the cost of reforming the SGR, the majority of the Subcommittee agreed on the need to find offsets. Several panelists highlighted the opportunity to use offsets as a means of streamlining the efficiency of the Medicare program. Some opportunities discussed included:

- Reforming Medicare supplemental insurance;
- Creating a single deductible for Medicare Parts A and B;
- Modifying Medicare copayments;
- Rewarding generic drug use;
- Making payment rates contingent on participation in alternative payment models (APMs); and others.

Some witnesses encouraged the Committee to consider offset sources beyond Medicare such as closing tax loopholes or cutting other programs not performing as intended. Members of the Subcommittee also floated the notion of using Overseas Contingency Operations (OCO) funding as a means of paying for the SGR reform proposal.

A critical element moving forward is how many changes are likely to the tri-committee agreement following leadership changes, such as newly installed Senate Finance Committee Chairman, Orrin Hatch (R-UT) and Ways and Means Chairman, Rep. Paul Ryan (R-WI). Many Congressional analysts believe that Hatch and Ryan are focused on minimal changes to the legislation in order to provide the best chance for swift passage before the March 31<sup>st</sup> deadline or whether yet another temporary patch will be required. At this point, there does not seem to be much appetite among policymakers to break up the tri-committee agreement; however, a streamlined measure, which would be easier to pay for, remains possible.

### Implementation of the Affordable Care Act

**HHS Releases Updated Enrollment:** The Department of Health and Human Services (HHS) [released](#) numbers for the first two months of open enrollment. Since November 15<sup>th</sup>, 7.1 million consumers selected a plan or were automatically re-enrolled through HealthCare.gov.

**3.2 Million Newly Eligible for Medicaid:** The Centers for Medicare & Medicaid Services (CMS) [reported](#) that about 3.2 million Medicaid enrollees are newly eligible for coverage due to the ACA. That figure only covers 22 states. It excludes California, Pennsylvania, Michigan, New Hampshire, North Dakota and the District of Columbia, all of which expanded Medicaid.

**OIG Finds Inadequacies in Marketplace Contracting:** A [report](#) from the HHS Office of the Inspector General (OIG) found that when awarding contracts for the federal health insurance marketplace, CMS did not always meet contracting requirements and that the agency missed opportunities to leverage all available acquisition planning tools and contracting approaches.

**AP Reports Healthcare.gov Sharing Data:** The Associated Press [reported](#) that HealthCare.gov has been providing private companies specializing in advertising and internet data analysis with access to consumers' personal data. The Administration responded that the data sharing is intended to improve the consumer experience.

### Other Federal Regulatory Initiatives

**CMS Released Models for Those with Opioid Dependency:** CMS [released](#) an issue brief outlining four features of approved home health models in Maryland, Rhode Island, and Vermont. The four criteria include: 1) leveraging opioid treatment program requirements; 2) promoting collaboration across multiple state agencies; 3) supporting providers in the process of becoming health homes; and 4) encouraging information sharing.

**CDC on Opioid Use Among Women:** CDC [reported](#) that between 2008 and 2012, 25-35 percent of reproductive-aged women obtained an opioid painkiller. CDC Director Tom Frieden expressed alarm over this statistic, as opioids, he said, could lead to birth defects and health risks for mothers.

### Congressional Initiatives

**Upton Pushes Administration on Cures Initiative:** Chairman of the House Energy and Commerce Committee Fred Upton (R-MI) [asked](#) the President following the State of the Union to consider the 21<sup>st</sup> Century Cures Initiative as an area of bipartisan agreement to pursue in 2015. Upton also reached out to HHS Secretary Sylvia Burwell, Food and Drug Administration (FDA) Commissioner Dr. Margaret Hamburg, and National Institutes of Health (NIH) Director Dr. Francis Collins to thank them for their support and input.

**Appropriations Subcommittee Chairs Announced:** Senator Roy Blunt (R-MO) [will be chairman](#) of the Senate Appropriations Subcommittee on Labor, Health, and Human Services. Senator Jerry Moran (R-KS) will chair the Subcommittee on Agriculture, Rural Development, FDA, and related agencies.

**Toomey, Incoming Chairman of Finance Health Subcommittee:** Senator Pat Toomey (R-PA) will chair the Senate Finance Subcommittee on Health, and Senator Debbie Stabenow (D-MI) will be the Subcommittee's [ranking member](#).

**DeLauro Calls for End of Cuban Medical Program:** Representative Rosa DeLauro (D-CT) [wrote](#) to President Obama requesting the Administration support ending the Cuban Medical Professional Parole Program, which assists Cuban health professionals in defecting to the U.S. DeLauro, joined by 13 fellow lawmakers, assert the program "impedes the delivery of healthcare to the poor."

**Senate HELP on 40-Hour Work Week:** The Senate Health, Education, Labor, and Pensions Committee held a [hearing](#) to discuss the Forty Hours Is Full Time Act of 2015 (S. 30), which would increase the full-time work threshold from 30-hours to 40-hours per week under the ACA.

**Warren Targets Pharma with NIH Funding Bill:** [Speaking](#) before the Families USA Conference, Senator Elizabeth Warren previewed legislation she will introduce next week to increase NIH Funding. The funding would come from pharmaceutical companies who would give some of their profits to NIH if they negotiated a settlement agreement with the federal government for running afoul of federal anti-fraud laws.

### Other Health Care News

**FDA Rule in Jeopardy after SCOTUS Passed on Drug Labeling Case:** The Supreme Court [will not hear](#) a case about a generic drug company in which a lower court sided against the company for not posting safety data on its product label. The FDA had planned to finalize a proposed rule mandating similar labeling requirements for all generic drug companies, but industry is pushing back. Generic drug makers, who last week sought Congress' support, have threatened to sue the FDA if it finalizes the rule.

**Texas Suspends Telephone Based Medicine:** The Texas Medical Board adopted an [emergency rule](#) requiring doctors to consult with patients in person before treating them via telemedicine for the first time. The rule prohibits use of online questionnaires, emails, or telephone calls to establish the physician-patient relationship.

**Gallup Finds Health Costs Are Financial Worry:** A Gallup [survey](#) found that health care costs are a top financial worry for U.S. adults. The poll found that 14 percent of adults are concerned about health costs, up from 12 percent in 2014.

**Mayo Clinic on Telemedicine Savings:** Researchers at the Mayo Clinic [published](#) a study finding that the use of remote monitoring led to reductions in cost of care.

**Blue Cross Study on Surgery Cost Variation:** A [study](#) released by Blue Cross Blue Shield found large variations in costs for surgery. Cost can vary by as much as 313%, depending on where the surgeries are performed.

### Upcoming Congressional Hearings

#### *Senate*

On January 29<sup>th</sup>, the Senate Health, Education, Labor, and Pensions Committee will hold a [hearing](#) titled "Employer Wellness Programs: Better Health Outcomes and Lower Costs."

#### *House*

On January 27<sup>th</sup>, the House Energy and Commerce Subcommittee on Health will hold a [hearing](#) to consider public health legislation, including the Ensuring Patient Access to Effective Drug Enforcement Act, the Improving Regulatory Transparency for New Medical Therapies Act, and others.

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