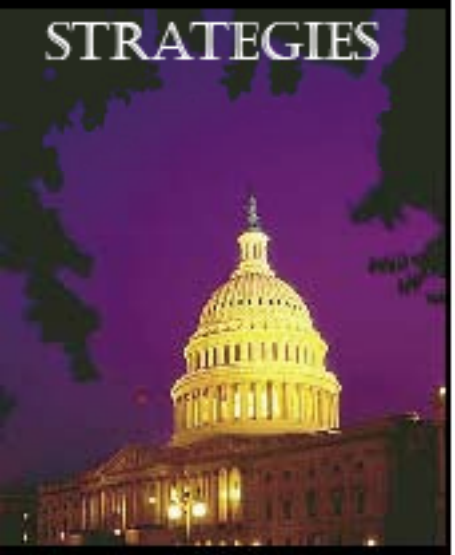
HART HEALTH HH STRATEGIES



Health Policy Briefing

August 22, 2011

OMB Asks Federal Agencies for 5% Cut in FY 2013; Joint Committee Looks for Exec

Appropriations Matters

he co-chairs of the Special Committee formed under the Budget Control Act of 2011 (the BCA, P.L. 112-25), Senator Patty Murray and Rep. Jeb Hensarling, are considering candidates for executive director in order to get the committee up and running by the September 16th starting date required under the new law. The committee will be looking for ideas to meet their $1.2 trillion 10-year deficit reduction mandate. In this connection, the Office of Management and Budget issued an order to all federal agencies to come up with FY 2013 spending plans which would result in at least 5% in spending reductions over FY 2012 levels. Republicans will undoubtedly be looking for scaled-back spending to implement the PPACA, particularly given the lack of specific appropriations for implementation of a "federal" health insurance exchange fallback in the event one or more states refuse to set up an exchange. Apparently the OMB order did not exclude agencies from proposing changes to major entitlement programs, including Medicare and Medicaid. Rep. Fred Upton, a Special Committee member, said that current Medicare beneficiaries should not suffer cutbacks. Given the nation's high unemployment, the President announced several job creation plans, including expanded loans from HHS and the DOA to rural hospitals and doctors to adopt health IT technologies and guidance on expanding eligibility under the National Health Services Corps loan repayment program to help recruit doctors to rural areas.

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Tri-Agency Rule on Health Plan Summaries

The departments of Treasury, Labor and HHS issued proposed regulations requiring health insurers to provide potential purchasers detailed summaries of premiums, covered benefits, deductibles, copays and other information on each plan they offer. Summaries must include specific examples of costs and coverage for child birth, breast cancer and diabetes. Comments are due within 60 days. An outstanding issue is whether insurance coverage under so-called "association health plans" would be subject to this rule and other PPACA mandates. The PPACA mandated "multi-state" plans, two of which must be offered in each state health insurance exchange, would presumably be subject to this rule as well.

Grants for Medicaid/SCHIP Enrollment

HHS announced that $40 million in grants to 39 state agencies, health centers, schools and non-profit entities in 23 states will be made available to help ensure that children who are eligible for Medicaid or SCHIP will be enrolled. The grants targeted five areas: using technology to encourage enrollment and renewal; ensuring eligible children remain covered; engaging schools in outreach, enrollment and retention; facilitating outreach to children who are most likely to be uninsured; and making sure adolescents have coverage.

CMS Reduces GME Slots

CMS announced that 267 teaching hospitals will have their full-time equivalent resident slots reduced pursuant to the PPACA. CMS said an affected hospital's FTE resident caps for DGME and IME will be reduced by 65% of the excess resident slots effective for portions of cost-reporting periods occurring on or after July 1, 2011.

IRS Rules on Drug Manufacturer Fees

The IRS issued temporary and proposed regulations providing for the assessment of annual fees mandated under the PPACA as applicable to the manufacturers or importers of brand name prescription drugs. Aggregate fees for all entities would range from $2.5 billion for 2011 to $2.8 billion in 2019 and thereafter.

PPACA Provider Risk-Based Screening Revalidation

CMS announced that Medicare providers who were enrolled in the risk-based screening program before March 25 will be required to revalidate their enrollment between now and March 2013.

Round Two of DME Bidding Details Released

CMS released eight product categories and other details for the second round of the durable medical equipment competitive bidding program which will be expanded from nine geographic areas to 91 areas. Bidding suppliers must meet all DME state licensure requirements and other applicable state licensure requirements for all areas with regard to each product bid.

FDA Issues

The FDA released a "Strategic Plan for Regulatory Science" to be used in evaluating the safety of FDA regulated products. As to the modernization of the technology area, the FDA said that improved IT infrastructure would allow the FDA to: better monitor adverse trends and disease outbreaks; combine data from multiple clinical trials, preclinical work and post-market studies; conduct large scale data-mining for research purposes; evaluate and compare the safety and effectiveness of products; and host genomics data.