



Health Policy Briefing

April 21, 2014

Debate Over PPACA Success Continues; Congress Gets Bad News on Cost of Doc Fix

Upcoming Congressional Agenda

The House and Senate will return the week of April 28th to begin the process of finalizing the 302(b) subcommittee allocations for the fiscal year (FY) 2015 appropriations process and the House is expected to continue with its close scrutiny of the actions surrounding the health reform law. The defeat in the House before the recess of H.R. 4144, the Expatriate Health Coverage Clarification Act of 2014, will likely result in a new initiative to again take up the bill under a rule requiring only a majority vote for passage. A resolution in the House of the fate of the Senate's temporary extension of unemployment benefits is another issue that is tied to the Patient Protection and Affordable Care Act (PPACA) legislation (the Senate used the House-passed bill, H.R. 3979, as a vehicle to extend unemployment benefits for five months).

CBO Increases Latest Cost Estimate of Long-Term Medicare SGR Reform

The Congressional Budget Office (CBO) released a new estimate of bipartisan legislation that would replace the current Medicare physician payment sustainable growth rate (SGR) system with one based more on quality. CBO said that it would cost \$124 billion over 2015-2024 which represents an increase of about \$7.5 billion over the previous estimate for long-term reform of the system. Because the temporary patch which was signed into law would increase physician payments by 0.5% through calendar year (CY) 2014 and freeze them until April 1, 2015, Congress will not need to address reform legislation until early next year, but Senator Wyden (D-OR), chairman of the Senate Finance Committee, continues to push for action on a permanent fix during this Congress.

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President Exclaims PPACA Success Amid Questions about Change in Census Scoring

Last week the President used the White House stage to state his case that new figures showing that 8 million individuals have enrolled under PPACA exchanges is more evidence that the health law has achieved its first milestone. He also said that about 35% of the enrollees were under the age of 35, a benchmark indicating that premium risk will be spread over a wide enough population to help hold down future rate increases. Medicaid and Children's Health Insurance Program (CHIP) enrollment also increased by 3 million between October and February. The President attempted to preempt Republican retorts saying they "still can't bring themselves to admit that the Affordable Care Act is working." Despite the news about the 8 million enrollees, CBO and the Joint Tax Committee released a report which projects that about one million fewer individuals will have health insurance in 2014 because of the law (12 million in total and 6 million through PPACA exchanges) and in 2015 (19 million in total). The reduction in the number of insured also is estimated to result in a \$5 billion reduction in 2014 federal costs (\$36 billion in total) and \$104 billion over ten years (\$1.4 trillion in total). The agencies also projected that 31 million individuals will still not have health insurance in 2014. The reduction in the number of exchange enrollees is also projected to result in \$165 billion in savings in federal subsidies over 2015-2024, thus partially contributing to a \$286 billion reduction in the federal deficit over ten years. Future estimates of the number of insured/uninsured by the Bureau of the Census, which uses the Current Population Survey to obtain such information, also came under fire from Republicans when it was reported in the press that the Office of Management and Budget (OMB) had approved a change in the survey which might understate the number of uninsured as compared with a previously used method. Senators Lamar Alexander (R-TN), Orrin Hatch (R-UT) and John Thune (R-SD), as well as Reps. Darrell Issa (R-CA) and Blake Farenthold (R-TX), sent letters to the Census Bureau Director questioning the nearly 2% downward adjustment in the percentage of individuals under the age of 65 who are uninsured. They maintained that this could skew measures of the impact of the PPACA. They demanded that the Census Bureau continue to use the old methodology as well as the revised method. In response, the Census Bureau Director said the changes will help rather than impair efforts to measure the impact of the PPACA on uninsured rates.

Medicare/Medicaid/PHSA Corner

CMS Requests Comments on Efforts to Assess Community Wellness Impact

The Centers for Medicare and Medicaid Services (CMS) has asked for comments on the potential burdens that might arise from the agency's mandate under the PPACA to collect information from Medicare beneficiaries on community wellness and prevention programs in an effort to determine the acceptability of such programs and their ability to reduce costs.

CMS Discloses Inpatient Psychiatric Quality Measures

CMS announced that the agency's Hospital Compare website will be the forum used to display four quality measures from inpatient psychiatric facilities. The agency also said that it will soon implement a "five-star" rating system for hospitals and other providers on the website.

HHS OIG Reports on Potential Outpatient Payment Rate Savings

The U.S. Department of Health and Human Services (HHS) Office of the Inspector General (OIG) released a report stating that the Medicare program could save up to \$15 billion through 2017 by reducing hospital outpatient payment rates for ambulatory surgical center (ASC)-approved procedures to ASC payment rates and that beneficiaries could save an additional \$2-4 billion.