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Obamacare Changes

Top on the Republican's agenda is tackling the Affordable Care Act (ACA), or "Obamacare." President Obama has clearly stated he will veto any full ACA repeal bill that crosses his desk, so Congress is likely to try repealing specific provisions of the law that have bipartisan support such as a medical device tax repeal. First on Congress' agenda is the 30-hour workweek. Republicans are reportedly planning to put forth legislation in the first two weeks of the legislative session that would define the workweek under the ACA as 40 hours.

SGR's Future Remains Uncertain

Medicare's sustainable growth rate (SGR) payment formula is set to expire on March 31, 2015 unless Congress can pass a permanent or temporary "doc fix" in the year's first quarter. If the SGR formula is not repealed or a temporary measure passed before March 31, a 21 percent cut in physician payments will go into effect. Predictions vary as to whether permanent SGR reform is possible in 2015, but leading advocacy groups including the American Medical Association (AMA) are strongly advocating for a solution.

Any SGR measure does include risks, however, as Congress must find offsets to pay for either a temporary or permanent fix. Both across-the-board Medicare provider cuts and a reduction in the ASP+6 policy could put cancer care providers at risk.

Drug Pricing

The Health Resources and Services Administration (HRSA) is expected to release new guidance on the 340B program this year, including rules on monetary penalties for manufacturers, calculation of the 340B ceiling price, and the definition of a 340B patient. Providers and drug manufacturers alike plan to urge Congress to immediately intervene if either has concerns with the guidance, which may alter eligibility standards for safety net hospitals or discounts for drugs under the 340B program. Lawmakers are also reportedly looking at 340B reforms to help fund expedited drug and medical device development under the 21st Century Cures Initiative.

Debt Limit

The federal government will once again reach its debt limit sometime in late spring or early summer, at which time lawmakers must determine how to address raising the debt ceiling. Republicans are likely to put forth a proposal that includes federal spending cuts, which despite their majority in both chambers, would be difficult to pass with a Democrat-controlled Administration. To achieve a clean debt ceiling increase in 2015, Republicans will likely need to see a decrease in federal spending through other vehicles before voting for a debt ceiling increase.

2014 Healthcare Policy Milestones & Trends

Many significant policy changes took effect last year – many attributable to the Affordable Care Act (ACA) – that are changing the way Americans access healthcare and gather information about their healthcare choices and providers. Below are some of the most significant healthcare trends and milestones of 2014.

Consolidation Surged

Consolidation between hospitals and physician groups surged in 2014, as providers and payers try to figure out how to keep healthcare costs affordable for consumers. According to Modern Healthcare's M&A Watch Report, provider merger and acquisition in the first three quarters of 2014 was up 13.4 percent over the same period last year. While hospitals argue mergers will ultimately reduce the cost of healthcare due to increased coordination and scaled services, independent physician practices have expressed significant concern that the trend will limit patient access, limit patient choice and increase costs to both patients and taxpayers.

The US Oncology Network advocates for site-neutral payment policies, which would ensure payment parity across care settings to reduce healthcare spending while protecting patient access as well as independent physician practices nationwide.

Proposed Medicare Cuts Averted

On October 31, the Centers for Medicare & Medicaid Services (CMS) issued a final rule that updates payment policies and payment rates for services furnished under the Medicare Physician Fee Schedule (PFS), which became effective on January 1. Despite proposed cuts to cancer care services in CMS' proposed rule, the US Oncology Network and other stakeholder groups were successful in two key areas:

Radiation Therapy and Gastroenterology: CMS chose not to adopt code changes for gastroenterology and radiation therapy services until they can go through notice and comment rulemaking to propose values for 2016. As a result of this decision, CMS will not recognize some new CPT codes, and will create G-codes in place of CPT codes to continue current payment rates for CY 2015.

Radiation Therapy: CMS decided not to finalize the way it accounts for the infrastructure costs associated with radiation therapy equipment, specifically to remove the radiation treatment vault as a direct expense when valuing radiation therapy services. CMS will reconsider whether the vault is a direct or indirect cost through rulemaking in a future year.

Federal Government Made Physician Data Available Public

In April, the Centers for Medicare and Medicaid Services (CMS) released privacy-protected payment data on Medicare services and procedures provided to beneficiaries by physicians and other healthcare professionals. The information included payments to and submitted charges by physicians participating in the Medicare program. The database included information on payments for more than 880,000 physicians who provided 6,000 different types of services and were paid, in total, \$77 billion by Medicare in 2012.

On September 30, CMS made public its [Open Payments](#) database, a tool created under the Affordable Care Act's "Sunshine Act" to make information available to the public regarding drug and device makers' financial relationships with physicians and teaching hospitals. The database reflected 4.4 million payments valued at almost \$3.5 billion.

Myriad concerns were expressed by a variety of healthcare stakeholders with respect to both information databases including the release of misinformation, lack of context, outdated data and confusing processes for data collection that may have compromised the information.

Republicans Took Control of U.S. Senate in 2014 Midterm Elections

Control of the U.S. Senate shifted to the Republican Party following November's midterm elections, in which Republicans gained nine new seats. This shift in power could significantly affect the Affordable Care Act (ACA), either as a whole or specific provisions that the GOP has identified as priority provisions for repeal including the 30-hour workweek, the medical device tax and the Independent Payment Advisory Board (IPAB).

The Republican majority in the Senate also means transition of leadership in committees of jurisdiction over the ACA and Medicare policies, including the Senate Finance and Health, Education, Labor and Pensions Committees.

Supreme Court Decided to Hear Affordable Care Act Subsidies Case

The Supreme Court announced in November its decision to hear *King v. Burwell*, a lawsuit challenging the use of healthcare subsidies in states without their own healthcare insurance exchanges under the Affordable Care Act (ACA). The case calls into question the legality of the federal government's distribution of tax subsidies in the

34 states that did not construct their own insurance exchanges. Currently, 87 percent of Americans purchasing plans through the ACA receive subsidies.

If the court rules against the Obama Administration, the decision would rescind one of the law's most vital components. More than four million Americans have already received premium credits. That number is expected to rise to 7.3 million by 2016, according to a Robert Wood Foundation study. The rollback would equate to \$36 billion in lost subsidies.

Researchers at the Robert Wood Foundation suggested a denunciation of subsidies from the nation's highest court could trigger a "domino effect" impacting other parts of the law. Without subsidies, they cautioned that the government might be forced to reconsider its policies on the individual mandate, regulatory reforms and state exchanges.

The King case will, in all likelihood, be heard in February or March, with a decision coming in June 2015.

America's Uninsured Rate Continued to Fall

According to [National Health Interview Survey](#), among adults aged 18-64, 17.0 percent reported being uninsured in the first six months of 2014 compared to 20.4 percent in 2013. There was even greater improvement among younger Americans aged 19-25, among which the percentage who were uninsured the first six months of 2014 was 20.1 percent compared to 26.5 percent in 2013. Despite positive gains, the survey still found that 38.0 percent of Americans of all ages were uninsured at the time of the survey.

Proponents of the Affordable Care Act (ACA) are confident the law will continue to push this trend in a positive direction. The Department of Health and Human Services (HHS) estimates between 9 million and 9.9 million individuals will be enrolled in health insurance plans through the federal exchange site by the end of this year, far lower than the Congressional Budget Office's (CBO) projection of about 13 million enrollees by the end of 2015.

Healthcare Spending Slowed

The Centers for Medicare & Medicaid Services (CMS) released its annual report in December, which showed health spending growth remains slow – between 3.6 percent and 4.1 percent for five consecutive years.

The Medicare program accounted for 20 percent of national spending in 2013 and total spending growth for Medicare slowed in 2013. The report found slow growth was due to productivity adjustment rates in Medicare fee-for-service and reduced Medicare Advantage (MA) base payment rates as well as a slowdown in Medicare enrollment in 2013. Medicare enrollment increased by 3.2 percent in 2013 while it grew by 4.1 percent in 2012.

Congress Raises Concerns About 340B

Following the recent passage of the \$1.1 trillion “Cromnibus” spending bill in December, The Alliance for Integrity and Reform of 340B (AIR 340B) commended Congress for raising concerns regarding the 340B drug discount program.

In the official report accompanying the spending package, Congress wrote, “There are concerns that HRSA has been unable to demonstrate that the 340B program benefits the most vulnerable patients. In order to best serve the public need, the program should examine its ability to ensure patients’ access to 340B savings for outpatient drugs. HRSA is directed to work with covered entities to better understand the way these entities support direct patient benefits from 340B discounted sales.”

In the statement, AIR 340B specifically “urges HRSA to work with all stakeholders in considering the question Congress has raised in order to ensure that the 340B program serves patients in need.”

The 340B Program offers eligible safety net providers discounts for medications, and is intended to make care more accessible and affordable for America’s most vulnerable patient populations. Critics, however, assert that the program continues to expand, despite minimal evidence that the program is benefiting more needy patients.

AIR 340B is a coalition of patient advocacy groups, clinical care providers, and biopharmaceutical innovators and distributors with the goal of reforming and strengthening the 340B program to ensure it directly supports access to outpatient prescription medicines for uninsured indigent patients.

To read the full statement, [click here](#).

MedPAC Shows Continued Support for Payment Parity



MedPAC commissioners met on December 18 to review Medicare payment policies including trends in the market share shift from physician office-based care to the hospital setting.

Among a number of topics, the group [acknowledged](#) a burgeoning shift in care delivery from professional offices to hospitals. The Commission stated that hospitals are often paid more than physician offices for similar services. Therefore, the trend away from outpatient sites-of-service

leads to an increase in overall program spending, as well as beneficiary out-of-pocket costs, MedPAC stated.

Additionally, MedPAC pressed for an urgent repeal of the Medicare Sustainable Growth Rate (SGR). The Commission asserted that temporary “fixes” create uncertainty for beneficiaries and practitioners, whilst establishing administrative burdens to CMS and barriers to broad-based reform. The current slowdown in healthcare spending would make such a repeal more cost effective, they said.

On December 9, MedPAC Executive Director Mark Miller testified before the House Energy & Commerce Health Subcommittee at a hearing entitled, “[Setting Fiscal Priorities](#),” which sought to examine key policy decisions lawmakers may face in the 114th Congress as it looks for reforms to curb unnecessary spending in federal healthcare programs. During the hearing, lawmakers raised significant concerns regarding the effects of payment differentials between hospitals and physician-based care settings.

Congressman Michael Burgess (TX-26), Subcommittee Vice Chair, specifically asked Mr. Miller to address any trends MedPAC has seen in the consolidation of cancer care, to which Miller responded, “If you look at chemotherapy, there does seem to be a shift from the office setting to the hospital setting.”

Congressman Burgess then asked how the Commission felt parity in the reimbursement rates between the outpatient and acute settings would affect the trend toward consolidation, to which Miller replied, “We think it would have some dampening of the trend.”

Miller further noted MedPAC’s previous recommendations to align costs for 66 Ambulatory Payment Classifications (APC), including two cancer care services, which he estimated would alone save Medicare and beneficiaries \$1 billion annually.

To view Congressman Burgess’ discussion with Mr. Miller, [click here](#).

Cancer Death Rates in U.S. Continue to Decline

There has been a 22 percent drop in deaths from cancer during the last two decades, according to new American Cancer Society (ACS) estimates.

The fall in mortality rates has resulted in more than 1.5 million deaths avoided over the 20-year period. Despite the significant drop, however, the ACS estimates that 589,430 Americans – or nearly 1,600-per-day – will die from the disease in 2015.

The organization’s report is based on incidence data from the National Cancer Institute and the Centers for Disease Control and Prevention, and mortality data from the National Center for Health Statistics. The ACS will release its full findings in two 2015 reports.

“The continuing drops we’re seeing in cancer mortality are reason to celebrate, but not to stop,” said John R. Seffrin, PhD, chief executive officer of the American Cancer Society. “Cancer was responsible for nearly one in four deaths in the United States in 2011, making it the second leading cause of death overall. It is already the leading cause of death among adults aged 40 to 79, and is expected to overtake heart disease as the leading cause of death among all Americans within the next several years. The change may be inevitable, but we can still lessen cancer’s deadly impact by making sure as many Americans as possible have access to the best tools to prevent, detect, and treat cancer.”

The cancer mortality rate peaked in 1991, but has steadily fallen ever since. Fewer Americans smoking, as well as advances in cancer prevention, early detection, and treatment have facilitated the decline, according to the ACS.

Lung cancer is the most common cause of cancer deaths, accounting for more than one quarter (27%) of all cancer mortality. The next most common cause of cancer death is prostate cancer in men and breast cancer in women, and the third most common cause of cancer death is colorectal cancer in both sexes.

To read the American Cancer Society press release, [click here](#).

To read an ACS article highlighting the findings, [click here](#).