



Wednesday, March 22, 2017

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President Trump Releases Budget Blueprint

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Seema Verma Confirmed as CMS Administrator

On March 13, the U.S. Senate voted to confirm Seema Verma as Administrator of the Centers for Medicare & Medicaid Services. Verma's confirmation was approved by a 55-43 vote, largely along party lines. **Read below.**

Health Resources and Services Administration Delays 340B Rule

The Health Resources and Services Administration released an interim final rule on March 17, announcing it is pushing back implementation of the 340B ceiling price and civil monetary penalty rule, citing substantial questions about the rule and signaling the Administration may be taking a broader overall look at the implementation of 340B drug discounts. **Read below.**

MedPAC Releases Report to Congress; Reiterates Site Neutral Recommendations

One March 15, the Medicare Payment Advisory Commission released its March 2017 Report to the Congress: Medicare Payment Policy. **Read below.**

House Advances AHCA



On March 16, the House Budget Committee advanced the American Health Care Act, legislation to replace the Affordable Care Act, in a 19 to 17 vote mostly along party lines. In the mark-up hearing, the Budget Committee consolidated the bills previously advanced by the House Energy & Commerce and Ways & Means Committees.

The AHCA removes \$170 billion from the Medicare trust fund and ends Medicaid expansion enacted in the Affordable Care Act (ACA). Under the GOP bill, states would decide whether to expand Medicaid and the program would be funded and capped based on the number of beneficiaries in the state.

Key provisions of the bill include:

- Replace the ACA's individual mandate with a continuous coverage requirement
- Change tax credits from those based on income and premium cost in the ACA to those based on age and allow the tax credits to be used on or off the exchange
- Repeal cost-sharing reductions subsidies
- Freeze Medicaid expansion
- Shift Medicaid from funding based on the cost of coverage to per-capita limit

On March 21, House Republicans released a package of policy and technical amendments to the AHCA in an effort to gain support from conservative lawmakers who have expressed reservations about specific aspects of the bill. Key changes include:

- Preventing non-expansion states from expanding Medicaid at the enhanced federal matching rate
- Allowing states the option of imposing work requirements for Medicaid
- Allowing states a block grant option for Medicaid
- Accelerating repeal of the ACA's taxes
- Placeholder provision to help make healthcare more affordable for seniors not yet eligible for Medicare

Last week, the Congressional Budget Office (CBO) released the [cost estimates for the AHCA](#), which would save the federal budget an estimated \$337 billion by 2026. The report estimates approximately 24 million people would lose health insurance coverage over 10 years under the law. The bill also cuts tax revenues by \$883 billion over the next decade, including \$592 billion in tax cuts unrelated to lawmakers' health coverage proposals.

The House Rules Committee will meet on March 22 to consider the bill, which is expected to move to the House floor for a full vote on March 23.

To download the American Health Care Act, [CLICK HERE](#).

To view the House GOP's policy amendments, [CLICK HERE](#).

To view the section-by-section of the policy amendments, [CLICK HERE](#).

To view the House GOP's technical amendments, [CLICK HERE](#).

To view the section-by-section of the technical amendments, [CLICK HERE](#).

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On March 16, the Trump Administration released its first proposed federal budget outline, entitled "America First: A Budget Blueprint to Make America Great Again," which would increase defense spending by \$54 billion with offsets from more than 18 other agencies.

President Trump's blueprint cuts \$5.8 billion from the National Institutes for Health. The proposal would amount to a 16.2 percent cut to the medical institute, potentially eliminating recent funding increases and negating a funding boost from last year's 21st Century Cures Act. The document represents only the topline numbers proposed by the White House. A full budget is expected in May.

To view President Trump's budget blueprint, [CLICK HERE](#).

Seema Verma Confirmed as CMS Administrator

On March 13, the U.S. Senate voted to confirm Seema Verma as Administrator of the Centers for Medicare & Medicaid Services (CMS). Verma's confirmation was approved by a 55-43 vote, largely along party lines.

Verma previously designed a Medicaid expansion program in Indiana for Vice President Mike Pence. The Indiana program requires most beneficiaries to pay modest premiums and uses financial rewards and penalties to steer patients to primary care providers instead of the emergency room. Verma's experience suggests she will likely focus on reforming the Medicaid program, the federal-state insurance program that covers more than 70 million low-income people. At her confirmation hearing, she addressed questions about her approach to Medicaid, saying that low-income people are fully capable of making healthcare decisions based on rational incentives.

To read more about Seema Verma, [CLICK HERE](#).

Health Resources and Services Administration Delays 340B Rule

The Health Resources and Services Administration (HRSA) released an interim final rule on March 17, announcing it is pushing back implementation of the 340B ceiling price and civil monetary penalty rule, citing substantial questions about the rule and signaling the Administration may be taking a broader overall look at the implementation of 340B drug discounts.

The rule addresses price setting under the 340B drug discount program. It finalized the so-called “penny-pricing policy” and outlines a formula for drug manufacturers to use when estimating the 340B price of new drugs. It also outlines penalties for manufacturers that intentionally overcharge 340B providers.

The agency previously delayed implementing the rule from March 6 until March 21, and the interim final rule released March 17 pushes implementation back again until May 22. The agency is also taking comments on whether to further delay the rule until October.

To view the HRSA announcement in the Federal Register, [CLICK HERE](#).

MedPAC Releases Report to Congress; Reiterates Site Neutral Recommendations



On March 15, the Medicare Payment Advisory Commission (MedPAC) released its March 2017 Report to the Congress: Medicare Payment Policy. The report includes MedPAC’s analyses of payment adequacy in fee-for-service (FFS) Medicare and provides a review of Medicare Advantage (MA) and the prescription drug benefit, Part D.

The report presents MedPAC’s fee-for-service payment rate recommendations for 2018 rate adjustments in FFS Medicare. These update recommendations—which MedPAC is required by law to submit each year—are based on an assessment of payment adequacy that examines beneficiaries’ access to and use of care, the quality of the care they receive, supply of providers, and providers’ costs and Medicare’s payments. In the report, MedPAC recommends the Congress increase payment rates for physician and other health professional services by the amount specified in current law for calendar year 2018.

MedPAC also reiterated its two recommendations to the Congress related to site neutral payment between hospital outpatient departments and physicians’ offices made in 2012 and 2014:

- **Recommendation from the March 2012 report to the Congress:** The Congress should direct the Secretary of Health and Human Services to reduce payment rates for evaluation and management office visits provided in hospital outpatient departments so that total payment rates for these visits are the same whether the service is provided in an outpatient department or a physician office. These changes should be phased in over three years. During the phase-in, payment reductions to hospitals with a disproportionate share patient percentage at or above the median should be limited to 2 percent of overall Medicare payments.
- **Recommendation from the March 2014 report to the Congress:** The Congress should direct the Secretary of Health and Human Services to reduce or eliminate differences in payment rates between outpatient departments and physician offices for selected ambulatory payment classifications.

To view the MedPAC press release, [CLICK HERE](#).

To view the MedPAC fact sheet, [CLICK HERE](#)

To read the full MedPAC Report to Congress, [CLICK HERE](#).

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