



Budget Charades in Senate; House Speaker Threatens Debt Limit Increase Showdown

Republicans Ante Up in Partisan Budget Wars

Last week the Senate voted down motions to proceed on five different Republican budget resolutions. The Senate voted 41-58 to reject a budget proposal based on the House-passed Ryan plan; 0-99 to reject a likeness of the President's budget plan and rejected 42-57 a proposal by **Senator Pat Toomey** that he said would bring the federal budget into balance over eight years through a combination of tax policy changes and reductions in both mandatory and non-defense discretionary spending.

Also rejected were FY 2013 budget proposals by **Senator Rand Paul** that would allow \$3.084 trillion in new budget authority and **Senator Mike Lee** that would allow \$2.225 trillion in BA for the year.

Senate Budget Chairman Kent Conrad signaled that his committee has already proceeded to set FY 2013 budget priorities within the confines of the Budget Control Act and that Senate appropriators will abide with the committee allocations accordingly.

House Speaker John Boehner also raised the stakes for FY 2013 spending, January BCA sequestration and ending the so-called Bush tax cuts by saying he will insist on increasing the debt limit above \$16.7 trillion only to the extent of enacted spending cuts. He indicated that, if the parties cannot begin negotiations soon,

he would have to resort to a number of stop-gap measures to keep the government going.

With Democrats and Republicans at a stalemate on budget matters, the Speaker's comments may indicate that major budget and tax negotiations will proceed only after the election and, perhaps, be resolved only later in 2013 when the political landscape is clear. In this regard, House Democrats, including **Reps. James Clyburn and Chris Van Hollen**, indicated they might support a one-year delay in BCA sequestration.

Inside

Guidance on PPACA Exchanges	2
IRS Rules on PPACA Tax Credits	2
Hearings on PPACA	2
Hearing on HIV/AIDS Legislation	3
HHS Plan to Combat Alzheimer's	3
Recently Introduced Health Legislation	3

Guidance on PPACA Exchanges

HHHS released a draft blueprint that states must submit by November 16th if they wish to operate their own health insurance exchanges beginning in 2014. HHS also issued guidance stating that the agency will use an “open market model” to certify health plans that meet certain required standards in the first year they operate in exchange markets in states that do not set up their own health

insurance exchanges. If states do not intend to operate their own exchanges in 2014, HHS encouraged such states to enter into “partnership agreements” with HHS to provide assistance such as plan management and in-person consumer assistance. To date, 49 states and DC have accepted PPACA grants to help plan for their health insurance exchanges.

IRS Rules on PPACA Tax Credits

The IRS issued final rules on the PPACA health insurance premium tax credits available in health insurance exchanges. However, the agency left open the definition of tax credit availability when an employer’s plan is found to offer coverage that is not “affordable.” Further guidance on affordability, minimum plan

value and dependent eligibility will have to be made before the credits become available in 2014. Previous proposed regulations tied the issue of “affordability” under an employer plan based solely on individual coverage (i.e. 9.5% of household income, the required contribution percentage for 2014 under the PPACA).

Hearings on PPACA

Last week, the House Judiciary Subcommittee on Intellectual Property, Competition, and the Internet took testimony on how the PPACA will affect health insurance competition. Witnesses from the Heritage Foundation and AEI testified that PPACA provisions, such as the minimum medical loss ratio rules, may lead to less competition in the health insurance marketplace and result in further consolidation of the industry. Another witness,

the Director of the Center for Health Law Studies at Saint Louis University School of Law in Missouri, testified that a number of PPACA reforms will increase market competition, such as the establishment of accountable care organizations and state-based health insurance exchanges. Rep. Lamar Smith said that PPACA overregulation will benefit only the largest incumbent companies and the status quo. The Senate HELP Committee also held hearings

on health care delivery system innovations. In general, several witnesses testified that a new health care delivery system is evolving in which health plans and providers are increasing their collaboration, focusing on improving health care quality and using health information technology. They said that PPACA accountable care organizations, medical homes and disease prevention measures may be key in transforming the current health care delivery system.

Hearing on HIV/AIDS Legislation

The Subcommittee on Primary Health and Aging of the Senate HELP Committee convened to take testimony on why many people diagnosed with HIV/AIDS cannot

afford the medications they need. **Chairman Bernard Sanders** said his bill, S. 1138, would create a \$3 billion prize fund to award developers of HIV/AIDS drugs offering added therapeutic value.

Witnesses testified on current barriers, including the rapid increase in HIV drug regimens and inefficiencies in the U.S. patent system for drug products.

HHS Plan to Combat Alzheimer's

HHS Secretary Kathleen Sebelius announced the Administration's plan to help find effective means to treat and prevent Alzheimer's disease by 2025. The plan includes the development of training plans for physicians, a public information campaign and

two new clinical trials in an effort to improve care and expand support for caregivers. HHS also unveiled a new website, alzheimers.gov, designed to provide families and caregivers with information on dementia and where to receive help.

Recently Introduced Health Legislation

S. 3187 (USER FEE PROGRAMS), to amend the Federal Food, Drug, and Cosmetic Act to revise and extend the user-fee programs for prescription drugs and medical devices, to establish user-fee programs for generic drugs and biosimilars, and for other purposes; **HARKIN**; read the first time May 15.

S. 3189 (DRUGS), to amend the Controlled Substances Act to place synthetic drugs in Schedule I;

PORTMAN; to the Committee on the Judiciary, May 16.

S. 3190 (DRUGS), to amend the Controlled Substances Act to place synthetic drugs in Schedule I; **PORTMAN**; to the Committee on the Judiciary, May 16.

S. 3192 (LIFE SCIENCES WORKFORCE), to amend the Immigration and Nationality Act by establishing an F-4 nonimmigrant visa for aliens pursuing an

advanced degree in mathematics, engineering, technology, or the physical sciences in the United States, to authorize such aliens to become permanent residents if they obtain employment in the United States related to their field of study, and for other purposes; **ALEXANDER**; to the Committee on the Judiciary, May 16.