



Details of Sequestration Budget Cuts Due Before Congress Returns September 10th

Last week the House and Senate formally adjourned until September 10th by reversing earlier actions forcing pro forma sessions to be held each day during the break.

On Tuesday, **President Obama** signed into law H.R. 5872, legislation requiring the Administration within 30 days to detail how agency programs will be affected if the Budget Control Act's \$109 billion sequestration is allowed to go into effect next year. If the law's mandate is timely implemented, then the Administration will provide the details of program cuts before Congress returns in September.

Anticipating the coming debate over means to avoid or soften the automatic cuts, **Senator Patty Murray** said that "Sequestration is not going to simply disappear because both sides want to avoid it...."

Rep. Jeb Hensarling responded that House Republicans have a plan to replace the

arbitrary cuts with more targeted spending reductions and the reform of some programs.

Although Medicare spending reductions under the sequester are limited to 2% each year until 2021, it is possible that various reductions to Medicare providers may be considered as part of any future deal to ameliorate the spending cuts mandated under the Budget Control Act (BCA).

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CMS on PPACA Medicaid Expansion/Federal Exchange

A CMS official has publicly stated that the agency will allow states which initially decide not to implement the “voluntary” Medicaid expansion provisions of the PPACA to opt into the program at a later date. The agency is reviewing whether, and under what terms, to also allow states to partially implement the expansion. Additional guidance

is expected to be issued in several months. However, the Republican Governors Association indicated that member states are not satisfied with the guidance given to date and reiterated their request for answers to a number of detailed questions the organization previously submitted to CMS. The CCIIO also indicated that the federal health insurance exchange will be

up and running by October 2013 to provide coverage in states which do not set up state-administered exchanges in accordance with PPACA standards. Federal grants under the PPACA will remain available to states through 2014 to assist in exchange development. States must give notice by November 16th as to whether the state will operate its own exchange.

Electronic Fund Transfer Rule

The U.S. Department of Health and Human Services (HHS) released an interim final rule regarding electronic health care claim payments from insurers to providers in accordance with Section 1104 of the PPACA. The electronic fund transfer (EFT) and electronic remittance advice (ERA) transaction rules go into effect in 2014. HHS said that the rule “...requires insurers to offer a

standardized, online enrollment for EFT and ERA so that physicians and hospitals can more easily enroll with multiple health plans to receive those transactions electronically....The rule also requires health plans to send the EFT within a certain amount of days of the ERA, which helps providers reconcile their accounts more quickly....” Comments are due by October 9th.

House Republicans Ask GAO to Look at PPACA Funding

Rep. **Dave Camp, Wally Herger and Charles Boustany**, have requested that the Government Accountability Office (GAO) provide them with a detailed accounting of how the Centers for Medicare and Medicaid Services (CMS) Center for Consumer Information and Insurance

Oversight (CCIIO) is funded and whether Medicare and Medicaid accounts have been tapped for the agency’s implementation of the health reform law. This request comes on the heels of House GOP legislative efforts to defund the Patient Protection and Affordable Care Act (PPACA).

Republicans Again Target MA Demonstration

Rep. Fred Upton and Cliff Stearns have written to **HHS Secretary Kathleen Sebelius** to request additional information on the agency's development and implementation

of the Medicare Advantage (MA) quality bonus demonstration program. They said the agency's response to a previous request was inadequate and question the agency's authority to set up the

program which they say "masks" the effect of the PPACA's 10-year \$200 billion cut to the Medicare Advantage program.

SAMHSA Grants for HIT

The Substance Abuse and Mental Health Services Administration (SAMHSA) announced that it will grant more than \$4 million to under served community providers for health information technology related service to assist them in improving substance abuse treatment in such communities.

Home Care Demo Expands

CMS announced that three additional health provider groups in Florida, Illinois and Virginia will participate in the Independence at Home demonstration project which is designed to test the effectiveness of various models in delivering care at home to Medicare beneficiaries with multiple chronic conditions.

Medicare Part D Premiums to Remain Level

CMS announced that on average the basic premiums for the drug plans offered under Medicare Part D in 2013 will remain at about \$30, as in 2012. The CMS Office of the Actuary's analysis, based on the bids submitted by stand-alone drug and Medicare Advantage plans, estimates that the rate stability is due to continued competition, generic drug usage and the reduced cost of branded drugs going off patent.