



Appropriations, Joint Deficit Reduction Committee Seek Agreement on Budget

Joint Deficit Reduction Committee

The co-chairs of the Joint Committee formed under the Budget Control Act of 2011 (the BCA, P.L. 112-25), **Senator Patty Murray and Rep. Jeb Hensarling** released a statement as to the measures they are taking during the August recess to ready the committee for its directive to come up with at least \$1.2 trillion in deficit reductions by November 23rd. They said “we are engaging in serious discussions to determine what set of rules will govern the committee’s operation, examining a schedule of potential meetings and exploring how to build a committee staff that will help us achieve success....most of the committee members are reviewing the deficit reduction work that many others have engaged in over the past several years....with a short time-table for success, it’s important to get it right the first time.” In addition, the White House said some of the ideas for a “grand bargain” the President discussed privately with **House Speaker John Boehner** may be raised again with the joint committee.

The committee’s work will be made more difficult in that CBO estimated that the FY 2011 federal budget deficit will amount to about \$1.28 trillion, or 8.5% of GDP. Of note, CBO projections assume that all of the budget savings included under the BCA will be realized and that the scheduled Medicare provider payment cuts occur. CBO said that if the savings from the budget deal do not materialize or if the government delays making cuts to the Medicare physician payment schedule, average deficits from

2012 through 2021 are likely to make up 4.3% of GDP.

Appropriations Matters

House Appropriations

Budget Chairman Harold Rogers recently said that, with FY 2012 looming on October 1, he will work to avoid another appropriations stalemate and use the FY 2012 spending limits enacted under the BCA (an overall discretionary spending cap of \$1.043 trillion) as targets for the 12 appropriations bills. Some House Republicans who voted against the BCA continue to promote further cuts as contained in the House passed budget resolution for FY 2012 (\$1.019 trillion). However, **House Majority Leader Eric Cantor** released a statement to House Republicans urging them to go along with the BCA spending regimen. To accomplish this and avoid a point of order for greater spending than under the budget resolution, it is likely the House Rules Committee will adopt a rule granting a waiver of the lower budget resolution targets.

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HHS to Streamline Regulations

Pursuant to President Obama's executive order, HHS released the procedures the agency will use to streamline the rulemaking process and identify existing regulations for possible revision over the next two years. Included is a list of 84 regulations, including those issued by CMS

and the FDA, that will be reviewed during the period. One goal is to better coordinate Medicare and Medicaid requirements and partner with states and other stakeholders to improve access, quality and the cost of care. HHS also hopes to: clarify and streamline procedures for appeals under Medicare Parts

A and B; eliminate the material translation requirements for plan sponsors of Medicare Parts C and D; allow patients' rights information to be given out by ambulatory surgical centers on the day of service; and permit more electronic submissions to the FDA by drug and device companies.

PPACA Constitutionality

In the wake of the recent circuit court decision declaring the PPACA individual mandate unconstitutional, states with Democrat governors have responded with a friend-of-the-

court brief in support of the constitutionality of the PPACA. The brief was filed with the Eighth U.S. Circuit Court of Appeals in St. Louis, Missouri which is reviewing a lawsuit challenging the reform

law. The brief was filed by the attorneys general from California, Connecticut, Delaware, Hawaii, Iowa, Maryland, New York, Oregon, Vermont and the District of Columbia.

Final PPACA Rules for MA and Part D Plans

CMS released final regulations under the PPACA, including requirements for prompt payment by prescription drug plan sponsors and compensation for sales agents and brokers. CMS estimated aggregate net savings from the provisions at \$520 million for FY 2010-2015.

HHS Developing State-Federal "Partnership" for Exchanges

With many states, particularly those with Republican governors, refusing to establish PPACA state health insurance exchanges, HHS said that it is developing a new partnership model that would give states a second chance to run their own health insurance exchanges if they are facing difficulties establishing one or have decided not to set one up.

CLASS Act Postponement?

CBO's updated Budget and Economic Outlook states that the start up of the PPACA long-term care CLASS Act is expected to be delayed one year. HHS is proceeding with caution regarding the establishment of the program given the mandate that the program be fiscally solvent and "self-sustaining" with voluntary premium payments. The CMS Office of the actuary has expressed doubt as to the actuarial sustainability of the program.

PPACA Bundled Payment Initiative

CMS announced that the PPACA mandated "Bundled Payments for Care Improvement" initiative will get underway with provider organizations required to submit their letters of intent to participate by September 22nd. The program is designed to help improve care for patients while they are in the hospital and after they are discharged by aligning payments for services delivered across an episode of care, such as heart bypass surgery and hip replacement.

Grants to Improve Public Health Programs

HHS announced it has awarded \$137 in grants to help states, territories and local organizations to support efforts such as tobacco-cessation programs; strengthen public health

laboratory and immunization services; and prevent health care-associated infections. **HHS Secretary Kathleen Sebelius** said “These awards are an important investment and will enable

states and communities to help Americans quit smoking, get immunized and prevent disease and illness before they start.”

NIH Issues

The National Institutes of Health released final rules on financial conflicts of interest which define disclosures investigators must make. The revisions to the old rule lowers the minimum threshold for what investigators must disclose from \$10,000 to \$5,000 and increases the types of interest that must be disclosed, but alters the public reporting requirement from the proposed version to allow the option of written responses in lieu of

a maintaining a public website. **Senator Charles Grassley** making disclosure optional for universities under the “Responsibility of Applicants for Promoting Objectivity in Research for which Public Health Service Funding is Sought and Responsible Prospective Contractors” will hurt public access and is a missed opportunity to inject transparency where it’s really needed.