



## Health Policy Briefing

October 20, 2014

### Congress Prods Stepped-up Efforts on Ebola; Republicans Say PPACA Increases Deficit

#### Hearings Examine Administration Response to Ebola

Anticipating tough questioning of Administration officials at congressional hearings on Ebola, U.S. Department of Health and Human Services (HHS) Secretary Sylvia Mathews Burwell said that her key agency officials could have had “much better oversight” of the hospital in Dallas that treated the first U.S.-diagnosed Ebola patient who later died. Dr. Francis Collins, Director of the National Institutes of Health (NIH) also opined that the \$5 billion in funding cuts to the NIH budget over ten years affected the development of Ebola vaccines. Senator Rand Paul (R-KY) pushed back on this statement while pointing out several areas of NIH spending that he said were wasteful. The House Homeland Security Committee held a field hearing in Dallas to probe how federal, state and local agencies have coordinated their efforts in response to the outbreak and the House Energy and Commerce Committee staged a hearing that featured testimony on the Administration’s effort on Ebola from, among others, key officials making decisions for the Centers of Disease Control and Prevention (CDC), National Institute of Allergy and Infectious Diseases (NIAID), Food and Drug Administration (FDA), and the U.S. Customs and Border Protection Agency. CDC Director Thomas Frieden sought to help calm the fears in the U.S. about the outbreak saying that “There is zero doubt in my mind, unless there’s a mutation, there will not be a large-scale outbreak in the U.S.” However, he cautioned that if Ebola spreads more widely in Africa, then it would present a threat to the American health care system “for a long time to come.” After Committee Chairman Fred Upton (R-MI) emphatically stated that an immediate travel ban to the U.S. from the affected West African nations should be instituted by the President, both Dr. Frieden and NIAID head Dr. Anthony Fauci defended the Administration’s decision not to do so. They argued that such a ban would hinder the current efforts to take the temperatures of travelers upon arrival in the U.S. and make them fill out a travel and medical history which could then be used to isolate or monitor persons who may potentially be infected with the virus. Dr. Frieden also testified that the CDC has designated more than 1,000 CDC employees to strengthen the global response to Ebola and that an additional \$45

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million is needed for lab networks to help quickly diagnose Ebola in suspected patients. Dr. Daniel Varga also testified remotely from the Dallas hospital in which the first case, Thomas Eric Duncan, was diagnosed. He apologized to the committee for the initial misdiagnosis of Mr. Duncan and the subsequent infection of two treating nurses (one sent to Emory University Hospital and another to the NIH), stating that the hospital is still investigating how the nurses were infected. Earlier last week, Dr. Frieden announced several rapid response measures that the CDC will take when an Ebola case is confirmed. He said “We will put a team on the ground within hours with some of the world’s leading experts in how to take care of and protect health care workers from Ebola infection...” He said that team members will have expertise in infection control, laboratory science, personal protective equipment and Ebola unit management and include experts who can help with other aspects, like experimental therapies. Additional efforts by CDC will include webinars, conference calls and outreach to support the training of health care workers nationwide. The CDC is also monitoring the health of the 76 individuals who came into contact with Mr. Duncan after he was hospitalized. In other news, President Obama named Ron Klain as the White House “Ebola Response Coordinator”, but his lack of credentials in the health care arena was quickly criticized by members of Congress. Senator John McCain (R-AZ) previously called for a high level Ebola “czar” who could help coordinate the efforts of the various federal agencies involved in responding to the crisis.

### ***House Committee to Release Draft of “21st Century Cures” Legislation***

**H**ouse Energy and Commerce Health Subcommittee Chairman Joe Pitts (R-PA) announced that the committee will release by January a draft of legislation based on the hearings and feedback taken in connection with the committee’s 21st Century Cures initiative. The measure is intended to help overcome barriers, such as the time and expense involved, in developing new drugs and other treatments.

### ***FY 2016 Budget***

**T**he Director of the Office of Management and Budget (OMB) recently hinted that the President will likely include relief from the sequestration spending cuts for certain non-defense categories in his fiscal year (FY) 2016 budget recommendations to Congress in order to improve economic growth. The Budget and Accounting Act of 1921 requires the President to submit his budget request for the upcoming fiscal year no later than the first Monday of February (e.g., Monday, February 2, 2015).

## PPACA Health Reform Update

### *Republicans Ramp Up Criticism of PPACA as Election Nears*

The Senate Budget Committee ranking member Jeff Sessions (R-AL) released a staff report which estimates that the Patient Protection and Affordable Care Act (PPACA) will increase the federal deficit by \$130 billion over FY 2015-2024. The staff used recent data from the Congressional Budget Office (CBO), but an economic model that differs from the CBO model. They said that repealing the health law would cost \$180 billion over FY 2015-2024. Sen. Lamar Alexander (R-TN) added that the Administration “should admit Obamacare is a failure and start working with Republicans to repair the damage it has done, putting in place policies that move us step by step toward more freedom, more choices and lower costs...” In another strike at the law, Senators John Cornyn (R-TX) and Ted Cruz (R-TX) filed a brief with the U.S. District Court for the District of Columbia contending that the court erred in a prior ruling that the PPACA was not a revenue measure that should have originated in the House of Representatives rather than the Senate. They said they want to uphold the constitution even though “it may seem odd that sitting Senators would speak out in support of enforcing restrictions on the authority of their own chamber...” Also, Judicial Watch filed a lawsuit which alleges that members of Congress and congressional staffers who enrolled in health care coverage under the District of Columbia’s “small business exchange” did so illegally because their offices are not small businesses as defined under the law. On a positive note, the Centers for Medicare and Medicaid Services (CMS) reported that all counties in states that have chosen to forego state-run exchanges in favor of the federal website Healthcare.gov will have health insurers offering coverage in 2015. CMS also announced that up to \$114 million is being made available to 75 Medicare accountable care organizations (ACOs) under the ACO Investment Model. The agency said the action will provide “up front investments in infrastructure and redesigned care process to help eligible ACOs continue to provide higher quality care. This will help increase the number of beneficiaries, regardless of geographic location, that can benefit from lower costs and improved health care through Medicare ACOs.” The funding will be recouped through an offset of an ACO’s earned shared savings.

## Medicare/Medicaid/PHSA Corner

### *Republicans Question CMS Oversight of Medicaid Spending*

Senator Orrin Hatch (R-UT) and House Energy and Commerce Committee Chairman Fred Upton (R-MI) sent a letter to CMS Administrator Marilyn Tavenner asking her to respond by November 24th about what they say are “troubling uses” of the PPACA’s method giving “presumptive eligibility” that allows state residents who think they are eligible for Medicaid based on their income to temporarily enroll until their eligibility can be verified. They objected to Massachusetts’s use of the method and request for an extension for 2015, stating that “We believe it an inappropriate use of federal Medicaid funds to temporarily enroll thousands of individuals in Medicaid, especially since CMS knows that many of these individuals are not eligible for Medicaid coverage.” The members also asked CMS for information on whether reported financial problems in Puerto Rico could lead to inappropriate Medicaid spending. In related news, the U.S. Treasury Department reported that Medicaid spending in FY 2014 rose to \$301 billion from \$265 billion in the prior fiscal year. Also, Medicare spending rose to \$606 billion in FY 2014 from \$591 billion in FY 2013. PPACA individual tax credit subsidies amounted to about \$13 billion from January through September 2014. Despite the overall increase in federal health care spending the Treasury Department said that the federal deficit for the fiscal year declined as a percent of the gross domestic product (GDP).