



Health Policy Briefing

June 27, 2016

Republican Alternative to ACA Unveiled

Top Republicans in the House of Representatives have endorsed the outline of a **plan** to repeal and replace the Affordable Care Act (ACA) with a more market-driven approach. Speaker of the House Paul Ryan (R-Wis.), along with four committee chairmen – Kevin Brady (R-Texas), John Kline (R-Minn.), Tom Price (R-Ga.), and Fred Upton (R-Mich.) – released the 37-page plan last week. The proposal pledges to reduce consumers’ average health care premiums by double digits, and to generate significant savings for the health care system at large. After repeal of the individual and employer mandates, the proposal would encourage health insurance coverage with a flat, advanceable, refundable tax credit adjusted for age. The plan also proposes \$25 billion for state-based high-risk pools. The plan would enable the purchase of health insurance across state lines. Insurance companies would be prohibited from denying patients due to pre-existing conditions, but only if individuals keep continuous insurance coverage. Young adults would be allowed to stay on their parents’ health plans until the age of 26. The proposal also includes plans for medical liability reform. The tax deduction for employers providing health insurance to their employees would be capped. In terms of Medicare reforms, the plan would increase the program eligibility age to 67, and Medicare would be transitioned to a premium support model where seniors receive financial assistance to purchase either a private insurance plan or traditional Medicare. States would receive block grants with per-person spending caps to administer the Medicaid program, with accommodations for high-cost patients. The Republican plan would increase the rating bands allowed for older Americans. Currently, insurers must limit the cost of older Americans’ plans to no more than three times what a younger person pays in premiums; this proposal would increase that ratio to no more than five times. The plan would eliminate the Center for Medicare and Medicaid Innovation (CMMI), alluding to the agency’s proposed Part B payment demo, and concerns that “CMMI’s experiments on seniors’ health services could limit access to care...and disrupt how health care providers serve patients in the future.” The Independent Payment Advisory Board (IPAB) would also be repealed. The white paper does not include details on cost or savings amounts, time frames, or lives covered. As expected, the plan was denounced by both the White House and congressional Democrats, who stressed that the plan would negatively impact patient access to affordable care.

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Zika Update

The House began their Fourth of July recess earlier than planned. In the early hours of last Thursday, the House adjourned after approval of a House-Senate spending bill conference report that includes \$1.1 billion in funding to combat the Zika virus. The largely party line vote of 239-171 occurred in the middle of the sit-in protest by House Democrats demanding action on gun control legislation. The bill only includes \$400 million in new spending for the Zika virus. The remainder of the funds would be paid for by repurposing money from the U.S. Ebola program and other administrative health priorities. The Centers for Disease Control and Prevention (CDC) would receive \$476 million for mosquito control, disease surveillance, laboratory activities, and public education. The National Institutes of Health (NIH) would receive \$230 million for vaccine research and development. \$165 million would go toward to the State Department and USAID for overseas outbreak response. The Biomedical Advanced Research and Development Authority (BARDA) would receive \$86 million for emergency response and rapid diagnostic test research. Senate Majority Leader Mitch McConnell (R-Ky.) set up a procedural vote for the bill to be considered by the Senate early this week, but it is unclear whether it will have the 60 votes needed to proceed. Democrats have criticized how the compromise is paid for, as well as the inclusion of more controversial language, like that which would prevent any new Zika funding from going to family planning centers. While members of Congress have aimed to have an agreement on Zika funding by July 1, this deadline will pass by given that the House-Senate funding package has also received a veto threat from the White House.

Medicare Trustees Release Annual Report

The 2016 Medicare Trustees **Report** was released last week. The report examines two components of the Medicare program: the Hospital Insurance Trust Fund (Medicare Part A), and the Supplementary Medicare Insurance Trust Fund (Medicare Part B and Part D). According to the 2016 report, Medicare's hospital insurance trust fund will have enough revenue to cover expenses through 2028, two years earlier than estimated last year. The trustees predict that Medicare spending could rise to the point of triggering the Affordable Care Act's (ACA) Independent Payment Advisory Board (IPAB) as early as next year. The report also acknowledges that implementation of the Medicare Access and CHIP Reauthorization Act (MACRA) "raises important long-range concerns that will almost certainly need to be addressed by future legislation." MACRA includes annual physician payment increases of \$500 million along with five percent annual bonuses for some providers that will expire in 2025. Under this current law, Medicare physician payment rates will drop below what they would have been under the sustainable growth rate (SGR) formula by 2048. The trustees are also concerned about how MACRA's new system will function in years with high inflation.

House to Vote on Mental Health in July

According to Majority Leader Kevin McCarthy (R-Calif.), the House of Representatives will vote on H.R. 2646, the Helping Families in Mental Health Crisis Act, when the chamber returns from recess in July. The bipartisan bill, introduced by Oversight and Investigations Subcommittee Chairman Tim Murphy (R-Pa.) three years ago, was unanimously advanced by the Energy and Commerce Committee earlier this month. The Senate continues to look for a path forward on similar mental health legislation from Sens. Bill Cassidy (R-La.) and Christopher Murphy (D-Conn.).

Senators Push for Elimination of Blood Donation Restrictions

In light of the attack in Orlando, Sens. Elizabeth Warren (D-Mass.) and Tammy Baldwin (D-Wis.) have spearheaded a **letter** to Food and Drug Administration (FDA) Commissioner Robert Califf criticizing the agency's restriction on blood donations from gay men. The senators characterize the policy as discriminatory, and urge the FDA to move to "policies that secure our nation's blood supply in a scientifically sound manner based on individual risk." The letter was signed by 22 other senators, including republican Sen. Mark Kirk (R-Ill.). A similar letter was circulated in the House and was signed by 118 members, including five Republicans. Groups such as the American Red Cross and the American Medical Association (AMA) have stated that the ban is medically unwarranted.

Upcoming Congressional Meetings and Hearings

POSTPONED: House Energy and Commerce Health Subcommittee hearing “Strengthening our National Trauma System”

Senate Finance Committee hearing on *Medicare Part B Demo*; 10:00 a.m., 215 Dirksen Bldg.; June 28. The only witness will be Dr. Patrick Conway, Acting Principal Deputy Administrator, Deputy Administrator for Innovation and Quality, and Chief Medical Officer, Centers for Medicare & Medicaid Services (CMS).

Senate Health, Education, Labor and Pensions (HELP) Subcommittee on Primary Health and Aging hearing titled “Small Business Health Care: Costs and Options;” 2:00 p.m., 430 Dirksen Bldg.; June 28

Senate Homeland Security and Governmental Affairs Roundtable “Preparing for and Protecting the Nation from Zika;” 10:00 a.m., 342 Dirksen Bldg.; June 29

Senate Veterans’ Affairs hearing to examine several bills including: S.2210, to require the Secretary of Veterans Affairs to carry out a program to establish peer specialists in patient aligned care teams at medical centers of the Department of Veterans Affairs, S.2279, to require the Secretary of Veterans Affairs to carry out a program to increase efficiency in the recruitment and hiring by the Department of Veterans Affairs of health care workers that are undergoing separation from the Armed Forces, to create uniform credentialing standards for certain health care professionals of the Department, S.3035, to require the Secretary of Veterans Affairs to carry out a pilot program to increase the use of medical scribes to maximize the efficiency of physicians at medical facilities of the Department of Veterans Affairs, an original bill to authorize payment by the Department of Veterans Affairs for the costs associated with service by medical residents and interns at facilities operated by Indian tribes and tribal organizations, and to require the Secretary of Veterans Affairs to carry out a pilot program to expand medical residencies and internships at such facilities; 2:30 p.m., 418 Russell Bldg.; June 29

Senate Homeland Security and Governmental Affairs Subcommittee on Regulatory Affairs and Federal Management hearing “to examine the use of agency regulatory guidance;” 9:00 a.m., 342 Dirksen Bldg.; June 30

Senate Appropriations Committee Business meeting to markup an original bill entitled, “State, Foreign Operations, and Related Programs Appropriations Act, 2017;” 10:30 a.m., 106 Dirksen Bldg.; June 30

Senate Appropriations Military Construction and Veterans Affairs, and Related Agencies Subcommittee hearing to examine a review of the Dept. of Veterans Affairs’ electronic health record (VistA), progress toward interoperability with the Department of Defense’s electronic health record, and plans for the future; 10:30 a.m., 124 Dirksen Bldg.; July 13

Recently Introduced Health Legislation

H.R. 5542 (introduced by Rep. DeGette): A bill to amend titles XI and XIX of the Social Security Act to establish a comprehensive and nationwide system to evaluate the quality of care provided to beneficiaries of Medicaid and the Children’s Health Insurance Program and to provide incentives for voluntary quality improvement; to the Committee on Energy and Commerce; June 21

H.R. 5543 (introduced by Rep. Lawrence): A bill to prioritize educating and training for existing and new environmental health professionals; to the Committee on Energy and Commerce, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned; June 21

H.R. 5547 (introduced by Rep. Burgess): A bill to amend title XIX of the Social Security Act to provide for increased price transparency of hospital information and to provide for additional research on consumer information on charges and out-of-pocket costs; to the Committee on Energy and Commerce; June 21

Recently Introduced Health Legislation

H.R. 5549 (introduced by Rep. Harris): A bill to amend the Controlled Substances Act to make marijuana accessible for use by qualified medical marijuana researchers, and for other purposes; to the Committee on Energy and Commerce, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned; June 21

H.R.5555 (introduced by Rep. Earl Blumenauer): A bill to amend titles XVIII and XIX of the Social Security Act to improve end-of-life care and advanced illness management; to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned; June 22

H.R.5559 (introduced by Rep. Jason Smith): A bill to amend section 1206 of the Pathway for SGR Reform Act of 2013 to clarify the application of rules on the calculation of hospital length of stay to certain moratorium-excepted long-term care hospitals (LTCHs); to the House Committee on Ways and Means; June 22

H.R.5562 (introduced by Rep. Morgan H. Griffith): A bill to amend title XIX of the Social Security Act to provide for Congressional appointment of members of the Medicaid and CHIP Payment Advisory Commission (MACPAC); to the House Committee on Energy and Commerce; June 22

H.R. 5573 (introduced by Rep. Schakowsky): A bill to amend the Public Health Service Act to shorten the exclusivity period for brand name biological products from 12 to 7 years; to the Committee on Energy and Commerce; June 23

H. Res. 801 (introduced by Rep. Maxine Waters of California): A resolution supporting the goals and ideals of Alzheimer's and Brain Awareness Month; to the Committee on Energy and Commerce; June 24

S.3082 (introduced by Sen. Gary C. Peters): A bill to amend title XVIII of the Social Security Act to reduce the occurrence of diabetes in Medicare beneficiaries by extending coverage under Medicare for medical nutrition therapy services to such beneficiaries with pre-diabetes or with risk factors for developing type 2 diabetes; to the Committee on Finance; June 22

S. 3077 (introduced by Sen. Schatz): A bill to improve medical research on marijuana; to the Committee on the Judiciary; June 20

S. 3090 (introduced by Sen. Heller): A bill to amend title XVIII of the Social Security Act to establish a demonstration program to provide integrated care for Medicare beneficiaries with end-stage renal disease, and for other purposes; to the Committee on Finance; June 23

S. 3094 (introduced by Sen. Brown): A bill to amend the Public Health Service Act to shorten the exclusivity period for brand name biological products from 12 to 7 years; to the Committee on Health, Education, Labor, and Pensions; June 23

S. 3096 (introduced by Sen. Whitehouse): A bill to establish a pilot program promoting an alternative payment model for person-centered care for Medicare beneficiaries with advanced illnesses; to the Committee on Finance; June 23