

January 31, 2014

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## NEXT WEEK IN WASHINGTON...

- \* On Tuesday, February 4, the Senate Health, Education, Labor and Pensions Committee has scheduled a confirmation hearing for Dr. Vivek Murthy, the nominee for U.S. Surgeon General.
- \* Also on Tuesday, the House Ways and Means Committee will debate legislation (HR 2575) to change the definition of full-time employee from 30 hours to 40 hours. The Committee also will consider another bill, H.R. 3685, that would mean volunteer first responders would not be counted in determining full-time employees. Both bills affect eligibility for health care coverage.
- \* On Wednesday, February 5, the House Energy and Commerce Health Subcommittee is scheduled to hold a hearing on food safety.
- \* Also on Wednesday, the House Oversight and Government Reform Committee has scheduled a hearing on the non-profit, cooperative (CO-OP) health insurers funded by the *Affordable Care Act*.

## 1. AAFP COMMENTS ON 2014 FINAL MEDICARE PHYSICIAN FEE SCHEDULE

In a January 23 [letter](#) to the Centers for Medicare & Medicaid Services (CMS), the AAFP responded to the 2014 Medicare physician fee schedule final rule. The letter thanked CMS for taking AAFP recommendations and finalizing certain policies. In addition, the letter encouraged CMS to move forward with development of the chronic care management (CCM) code. The AAFP response also discussed certain misvalued codes and expressed disappointment in how the agency handles RUC recommendations. Specifically, AAFP noted codes for which the RUC recommended dramatically decreased intra-service times while also recommending unchanged or increased work RVUs. Consequently, there is a significant increase in the calculated service intensity for codes with no evidence that the service has changed. The AAFP also urged CMS to continue evaluating overvalued services and for CMS to use its authority to address undervalued services. In particular, the AAFP noted that office-based evaluation and management (E/M) codes (99201-99215) are not appropriately valued and do not accurately capture the range of ambulatory E/M work done by physicians.

## **2. CMS ANNOUNCES STRONG SAVINGS FIGURES FOR MEDICARE ACOs**

On Thursday, January 30, the Centers for Medicare & Medicaid Services (CMS) [released](#) findings on a number of its initiatives to reform the health care delivery system. These include interim financial results for select Medicare Accountable Care Organization (ACO) initiatives, an in-depth savings analysis for Pioneer ACOs, results from the Physician Group Practice demonstration, and expanded participation in the Bundled Payments for Care Improvement Initiative. Savings from both the Medicare ACOs and Pioneer ACOs exceeded \$380 million.

While ACOs are designed to achieve savings over several years, not always on an annual basis, the interim financial results released today for the Medicare Shared Savings Program ACOs show that, in their first 12 months, nearly half (54 out of 114) of the ACOs that started program operations in 2012 already had lower expenditures than projected. Of the 54 ACOs that exceeded their benchmarks in the first 12 months, 29 generated shared savings totaling more than \$126 million – considered a strong start this early in the program. In addition, these ACOs generated a total of \$128 million in net savings for Medicare. ACOs share with Medicare any savings generated from lowering the growth in health care costs while meeting standards for high quality care. Final performance year-one results will be released later this year.

## **3. HEALTHCARE.GOV WILL LET CONSUMERS UPDATE THEIR INFORMATION**

A long-awaited function on the health law's federal enrollment website is expected to be operational next week, allowing consumers who have signed up for insurance to report life changes, such as marriage. Until now, insurers have been limited to recording such information as updated names or contact information. They have been unable to change details that would adjust a consumer's subsidy eligibility, leading to confusion about coverage. To address this, the Centers for Medicare and Medicaid Services (CMS) will add a new button on the website that will allow consumers to report a life change. The website, which handles enrollment in online insurance markets for 36 states, will have a page explaining what kinds of changes – like marriage, the gain or loss of coverage, the birth or adoption of a child, the addition or removal of a family member, or a change in citizenship status – individuals should report.

The new function also would allow some consumers to change their plans. Those eligible to switch include people adding a family member through birth or marriage, moving to a new zip code, changing immigration status, losing job-related insurance or other coverage or getting out of prison. People who report other changes, such as the death of a family member or a divorce, would not be permitted to change their health plans.

## **4. PRESIDENT'S MESSAGE TOUCHES ON HEALTH REFORM**

President Barack Obama went to the Capitol on January 28 to deliver the annual State of the Union address which mentioned health care issues only briefly. He focused primarily on income inequality, but the President did remind the Congress that, because of the *Affordable Care Act*, three million young adults gained health care coverage under their parents' plan, nine million people had enrolled in private insurance or Medicaid and that no Americans will ever again have their coverage cancelled or denied because of a preexisting condition. He chided the House for taking more than 40 votes attempting to repeal the ACA. The AAFP released a [statement](#) in response to the President's State of the Union address committing to work with the Administration and Congress to extend the Primary Care Incentive Payment and the enhanced Medicaid payment for primary care.

## **5. AAFP SUPPORTS SURGEON GENERAL NOMINEE**

In a January 23 [letter](#) to Senators Tom Harkin (D-ID) and Lamar Alexander (R-TN), chair and senior Republican member of the Senate Health, Education, Labor and Pensions (HELP) Committee, the AAFP supported the nomination of Vivek Murthy, MD as U.S. Surgeon General because he has, "demonstrated many important leadership qualities that will contribute to his

success as a Surgeon General. Perhaps the two most important are a clear belief in the importance of preventive health and the ability to communicate the principles of effective health care to a wide and diverse population.”

The Senate HELP Committee is scheduled to hold a hearing on the nomination on February 4.

## **6. FamMedPAC FOCUSES ON TWO LEGISLATORS COMMITTED TO PRIMARY CARE**

This week, FamMedPAC participated in fundraising events for two Congressional legislators who are very interested in becoming involved in health care issues.

- **Rep. Michelle Lujan Grisham (D-NM)** is a first-term member of the House, having served earlier as Secretary of Health for New Mexico. She has a strong interest in primary care and preventive health. As part of her learning process, she will attend the upcoming meeting of the AMA’s Relative Value Update Committee (RUC).
- **Sen. Mark Warner (D-VA)** is a first-term Senator, who previously served as governor. He is likely going to be appointed to the Senate Finance Committee to fill the vacancy left by the departure of Sen. Max Baucus (D-MT), who has been nominated to serve as ambassador to China. Sen. Warner would like to be part of discussions on how Congress can support and improve health care technology.

## **7. AAFP MARKS THE 15<sup>TH</sup> ANNIVERSARY OF AHRQ**

The AAFP and others hosted a briefing and reception on Capitol Hill to mark the 15th anniversary of the Agency for Healthcare Research and Quality (AHRQ) and recognize the agency for its efforts to transform care and improve health. The afternoon briefing featured speakers from the Georgia Health Policy Center, the University of Minnesota, and Intermountain Healthcare. Dr. Richard Kronick, the new director of AHRQ, attended the evening reception as the guest of honor.

## **8. HOUSE PASSES CONFERENCE REPORT ON FARM BILL**

The House approved the new 5-year farm bill ([HR 2642](#)) on January 29 on a vote of 251 to 166. The Senate is expected to vote on it early next week. Democrats in both chambers agreed to support the measure after changes were made in the reductions to the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps. The bill reduces the total SNAP budget by \$8 billion over 10 years, instead of the nearly \$40 billion that House Republicans originally proposed. The deal likely marks one of the last big bipartisan collaborations in an election year and would end lengthy efforts to renew agriculture and nutrition programs.

## **9. HOUSE PASSES BAN ON FEDERAL ABORTION SPENDING**

On Tuesday, January 28, the House voted to ban federal spending on abortion and to prohibit federal subsidies to *Affordable Care Act* insurance plans that cover abortion. The *No Taxpayer Funding for Abortion Act* (HR 7) seeks to codify permanently a ban on federal spending for abortion. The “Hyde Amendment” which prohibited the use of federal funding of abortion services except in cases involving rape, incest, or endangerment of the mother’s life has been routinely approved for decades as part of the annual appropriations bill to fund the Department of Health and Human Services. The House approved the measure on a largely partisan vote of 227 to 188. The Senate is not expected to act on the bill.

## **10. REGULATORY BRIEFS**

- On January 30, CMS [released](#) interim financial results for select [Medicare Accountable Care Organization \(ACO\) initiatives](#), provided an in-depth savings analysis for [Pioneer ACOs](#), shared results from the [Physician Group Practice demonstration](#), and expanded participation in the [Bundled Payments for Care Improvement Initiative](#). As part of this announcement, CMS stated that savings from both the Medicare ACOs and Pioneer ACOs exceed \$380 million. For the Medicare Shared Savings Program ACOs, data

shows that in their first 12 months, nearly half (54 out of 114) of the ACOs that started program operations in 2012 already had lower expenditures than projected. Of the 54 ACOs that exceeded their benchmarks in the first 12 months, 29 generated shared savings totaling more than \$126 million.

- Also on January 30, CMS [announced](#) new temporary moratoria on the enrollment of home health agencies in four metropolitan areas (Fort Lauderdale, Detroit, Dallas and Houston). This new temporary moratoria also include the enrollment of new ground ambulance suppliers in the Greater Philadelphia area. CMS also is extending for six-months the current enrollment moratoria of home health agencies in Chicago and Miami and for Houston area ground ambulance supplier enrollments in its Medicare, Medicaid and Children's Health Insurance Program (CHIP) operations.