

Customized Briefing for Kimberly Barry-Curley

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Leading the News

Fiscal Cliff Deal Includes "Doc Fix" Averting 27% Medicare Payment Cut.



Late Tuesday night, the House approved the Senate bill to avert the fiscal cliff. The deal, while raising taxes on the wealthy, has little in the way of spending cuts or entitlement reform. However, an important piece of the legislation is the inclusion of a "doc fix," a short-term patch that will prevent a 26.5% cut in Medicare reimbursement payments to physicians scheduled to start with the new year. Many outlets covering the doc fix focus on what will be included in the deal to offset the cost of the patch.

[Roll Call](#)   (1/2, Ethridge, Subscription Publication) reported that the fiscal cliff deal, negotiated by Vice President Joe Biden and Senate Republican Leader Mitch McConnell and voted through both chambers of Congress "would block for one year a scheduled 27 percent cut in reimbursements for Medicare physicians, paid for by familiar cuts and adjustments to other provider payments." When signed into law, the so-called "doc fix" would "keep reimbursement rates steady through Dec. 31, 2013 - providing one more in a series of short-term patches for the Medicare physician payments." According to the Congressional Budget Office, "the cost of the one-year patch is \$25.1 billion over 10 years," and "the Medicare offsets and other provisions would reduce spending by \$25.7 billion over the same time period."



Carrying similar reports are [MedPage Today](#)   (1/2, Pittman), [HealthDay](#)   (1/2, Reinberg), and [Psychiatric News](#)   (1/2).



Hospitals To Bear "Major Part" Of Financing "Doc Fix." The [Kaiser Health News](#)   (1/2, Carey) reports that as part of the fiscal cliff deal, hospitals "have to bear a major part of financing" the "doc fix," and are "not happy." The bill "would require that, over the next decade, hospitals pick up nearly half of the approximately \$30 billion cost of stopping a 26.5 percent payment cut for Medicare physicians." The article explains that the package "would reduce hospital payments in two ways," by cutting "\$10.5 billion from projected Medicare hospital payments over 10 years for inpatient or overnight care through a downward adjustment in annual base payment



increases," and by reducing "Medicaid disproportionate share payments to hospitals by an additional \$4.2 billion over the next decade."

[Modern Healthcare](#)   (1/2, Zigmond, Subscription Publication) reports that the House's approval of the "last-minute fiscal cliff package" Tuesday night "staves off a sharp Medicare physician pay cut by cutting billions from other Medicare providers, including hospitals, pharmacies and dialysis clinics." Because President Obama "stood firm against Republican proposals to pay for this fix with cuts to the Affordable Care Act or the beneficiaries," hospitals stand to bear the brunt of the costs. For example, "a documentation-and-coding adjustment that seeks to recoup past overpayments to hospitals because of the shift to Medicare Severity Diagnosis Related Groups, or MS-DRGs, would save about \$10.5 billion," and "a measure to re-price end-stage renal disease payments would save about \$4.9 billion."

Deal Repeals CLASS Act. The [Wall Street Journal](#)   (1/2, Adamy) notes that to come up with the funding, the legislation repeals some costly provisions of the Affordable Care Act. It cuts the CLASS Act, a type of long-term care insurance that covers some of the cost of care for those unable to perform tasks like bathing and using the bathroom themselves. It also reduces funding to the ACA's nonprofit health insurance cooperatives.

[Roll Call](#)   (1/2, Ethridge, Subscription Publication) reports further on the repeal of the Community Living Assistance Services and Supports (CLASS) Act, "a suspended program in the 2010 health care law that has long been targeted by Republicans." The fiscal cliff bill puts "a commission on long-term care in its place." The commission, "made up of 15 appointed members, would be tasked with developing a plan to establish, implement and finance a comprehensive system for long-term care. If a majority of the members vote in favor of a plan, the group's recommendations would be sent to Congress."

Ahead of the vote on the fiscal cliff deal, the [Washington Examiner](#)   (1/2, Ferrechio) reported that Republican members of the House will "no doubt be encouraged by a provision that would strike down" the CLASS Act. The article noted that "Health and Human Services Secretary Kathleen Sebelius determined more than a year ago that the CLASS Act lacked 'a viable path forward,' and would thus have to be scrapped."

Ahead Of Deal, Obama Signaled Willingness To Reduce Medicare Costs. [The Hill](#)   (1/1, Viebeck) "Healthwatch" blog reported that ahead of reaching a deal to avert the fiscal cliff, President Obama "said he would agree to 'new ways to reduce' U.S. healthcare costs in order to lower bills in Medicare." In comments "designed to raise pressure on lawmakers," the President said, "I'm willing to reduce our government's Medicare bills by finding new ways to reduce the cost of healthcare in this country." He continued, "That's something that we all should agree on. We want to make sure that Medicare is there for future generations. But the current trajectory of health care costs is going up so high we've got to find ways to make sure that it's sustainable."

From NAHU

Hyatt Regency on Capitol Hill
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Real People. Real Businesses. Real Solutions.

Online registration is now open, and we invite you to [register today!](#) With the elections over, PPACA is here to stay. We now face regulatory challenges and implementation issues that directly impact you and your clients. It's vital that NAHU members visit with our lawmakers and present them with common sense perspectives and solutions that will make the law work. Agents and brokers have a distinctive knowledge of the health insurance marketplace, and it's important to meet with your elected officials to share NAHU's message.







Legislation and Policy

Ahead Of Deal, Medical Community Feared Effects Of Fiscal Cliff.

Before the deal averting the fiscal cliff, which included the so-called "doc fix," broke late Tuesday night, many sources carried prospective pieces on the impact of the cuts to the healthcare industry. Most focused on the 26.5% reimbursement cut to Medicare physicians, coupled with the 2% across-the-board cut included in sequestration. The [CNN](#)   (1/1, Young) "The Chart" blog looked into the potential impact on Medicare patients. The piece explained that because of the "nearly 30% cut across the board in Medicare reimbursement to doctors goes into effect if we go over the cliff," many doctors were considering turning "away new Medicare patients after the first of the year."



[CNN Money](#)   (1/1, Kavilanz) carried a similar report, and quoted AMA President-elect Ardis Hoven, who said, "The government is shooting itself in the foot by threatening these pay cuts. This situation is very debilitating. Our [Medicare] payment rates have been frozen for a decade and now we're facing our biggest pay cut ever."

[Forbes](#)   (1/1, Japsen) reported, "With Congress and the White House once again waiting until the 11th hour to come up with an agreement to avoid the so-called fiscal cliff as well as the so-called 'doc fix' on Medicare payments, a flood of frustrated physicians are likely to abandon the health insurance program for the elderly, doctors and medical groups say." Ahead of the deal Tuesday night, "AMA was advising doctors to do what they had to do to mitigate their losses given the latest Congressional impasse as well as continuous delays and short-term fixes to Medicare payment." In an alert, the AMA told its members, "For those physicians who are forced into the untenable position of limiting their involvement with the Medicare program because it threatens the viability of their practices, we urge that patients be notified promptly so that they, too, can explore other options to seek health care and medical treatment."



Impact On Healthcare Industry Remains Uncertain. Ahead of the resolution of the fiscal cliff deal, [Politico](#)   (1/1, Kenen) reported that even if a fix "goes through," the "big questions about health and entitlement spending - particularly Medicare and Medicaid - will remain bitterly unresolved." What the article calls "the tentative deal shaping up," eventually came to fruition when the House approved it late Tuesday night. It "temporarily" solves "one problem," with the so-called doc fix. Beyond that, "the big question is sequestration," in which some agencies will "face deep cuts - and others, including Medicare and Medicaid, may end up doing better under sequestration than they would with whatever eventually takes its place."

As ACA Employer Mandate Approaches, Businesses Worry.



The [CBS Evening News](#) (1/1, story 3, 2:50, Mason) reported that "Most parts of Obamacare will not take effect until next year, but a lot of small businesses are already making plans. ... The new legislation will require businesses with 50 or more workers to provide affordable healthcare for their employees starting in 2014 or pay a penalty of up to \$2,000 per worker. Businesses with fewer than 50 employees-- and that's 96% of all companies-- will be exempt. They won't have to do anything. Businesses are concerned that this is going to be expensive for them." The report featured Dr. Ezekial Emanuel, a health policy advisor to the White House who helped develop the Affordable Care Act. Emanuel said, "Near term we are going to see some blip in some costs. But I think actually when we rearrange costs and make it more efficient we are going to see, I think, costs moderate."

The [Wall Street Journal](#)   (1/2, Mathews, Subscription Publication) reports that while companies which already provide health benefits to employees will feel a relatively limited impact when the major provisions of the Affordable Care Act take effect on Jan. 1, 2014, companies above the 50-worker threshold which offer limited or no health benefits, will feel a significant impact. For these companies, upgrading to richer benefit plans could result in substantial cost increases and failing to make the change could result in penalties of \$2,000 to \$3,000 per uncovered worker. Meanwhile, companies that currently provide coverage could see their costs increase as workers who had opted out of coverage decide to take it to avoid ACA's individual mandate.



IRS: ACA Says Employers "Must Offer Family Health Insurance."

An interpretation of the Affordable Care Act released by the Internal Revenue Service Monday said employers "must offer health insurance to employees and their children, but will not be subject to any penalties if family coverage is unaffordable to workers," the [New York Times](#)   (1/1, A13, Pear, Subscription Publication) reported. The rules proposed by the IRS "said that employers' obligation was to provide affordable insurance to cover their full-time employees. The rules offer no guarantee of affordable insurance for a worker's children or spouse. To avoid a possible tax penalty, the government said, employers with 50 or more full-time employees must offer affordable coverage to those employees. But, it said, the meaning of 'affordable' depends entirely on the cost of individual coverage for the employee, what the worker would pay for 'self-only coverage.'" According to the article, the new rules "create a strong incentive for employers to put money into insurance for their employees rather than dependents."



ACA To Bring Several "Big Changes" In 2013.

The [NPR](#)   (1/1, Rovner) "Shots" blog examines the "big changes" courtesy of the Affordable Care Act coming into effect in 2013. One such change is the "summary of benefits and coverage," which aims "to help people actually understand what's in their insurance policies." Further, later this year will be a "key launch date for the law," when open enrollment in the insurance exchanges begins on October 1. Still, the "majority of what happens on Jan. 1 is to pay for the changes in 2014," meaning "tax increases and cuts in tax deductions."

Options Limited When Employers' Health Plans Disappear.

[Kaiser Health News](#)   (1/2) reports, "Unexpected events - a corporate bankruptcy or sale, for example - can undermine the security of on-the-job coverage and leave both employees and retirees with few affordable options." Starting in 2014, ACA "will make it easier for people who lose their job-based coverage to get comprehensive health insurance at a price they can afford through the state-based health insurance exchanges." The report profiles Robin Hunt, a breast cancer patient insured through her husband's employer, which plans to discontinue its health coverage. The report explains how the couple's options remain limited, noting that they can't retain their insurance through COBRA, but they "may be eligible for guaranteed individual coverage in a state-designated plan without facing preexisting condition exclusions."

Proposed House Rules Would Erode Strength Of IPAB.



[Roll Call](#)   (1/1, Ethridge, Subscription Publication) reported that "proposed House rules for the 113th Congress would make it easier for the chamber to change or repeal recommendations from" the Independent Payment Advisory Board (IPAB), "a controversial board tasked with reining in Medicare spending." The proposed rules "would eliminate the [Affordable Care Act's] requirement that any IPAB replacement bill save equal amounts of Medicare money. They also would undo the limitations the law sets on floor consideration of the measures related to IPAB recommendations - such as one limiting consideration of a conference report between the House and the Senate to 10 hours." The House Republican Conference "will meet Jan. 2 to consider the proposed resolution providing for the rules of the 113th Congress."

Montana Faces "Contentious" Decision To Expand Medicaid.

In an article "previewing the major issues before the 2013 Montana Legislature, which convenes next Monday in Helena," [The Missoulian](#)   (1/2, Dennison) reports, "Once again, health care will be a contentious issue at the Montana Legislature - and the biggest battle is likely over whether Montana approves new, federally funded health coverage for 60,000 people in the state." According to the article, "Most Democrats and health care providers are solidly behind the proposal to expand Medicaid for low-income Montanans in 2014, funded by the federal health care reform bill passed three years ago." However, "they'll be up against a Republican majority clearly skeptical, if not downright hostile, toward the idea of expanding government health coverage and the reach



of 'Obamacare.'"



Texas Counties Considering Medicaid Expansion Despite State Hesitation.

The [Waco \(TX\) Tribune-Herald](#)   (1/2, Culp) reports, "Some local officials are talking about the possibility of McLennan County pursuing funds for Medicaid expansion, even if the state rejects that element of national health reform." However, "whether that could be done and the logistics of how it would happen are up in the air." The article explains that "leaders from some of Texas' biggest cities have discussed making such an end run around the state in recent months as Gov. Rick Perry has made it clear he wants Texas to opt out of expansion."



Public Health and Private Healthcare Systems

Kansas Readies For Launch Of KanCare.

The [El Dorado \(KS\) Times](#)   (1/2) reports that as Kansas' new Medicaid program, KanCare, readies for its launch this week, "the State of Kansas continues its efforts to ensure Kansans who depend upon Medicaid and Healthwave continue to receive all the care they need and have come to expect." Kansas Department of Health and Environment (KDHE) Medicaid Services Director Susan Mosier, M.D. said, "We continue to work diligently to improve the coordination and quality of care for Kansans on Medicaid and Healthwave. During this transition we are very aware of the accessibility concerns brought up by consumers, advocates and providers, and we will continue to be responsive to those concerns." She also "stressed the state's KanCare Continuity of Care Plan includes a number of protections the three managed-care organizations (MCOs) contracted by the state must meet in order to preserve KanCare consumers' existing health care services."



KanCare Organization Adds New Network Provider. The [Topeka Capital-Journal](#)   (1/2, Marso) reports, "Sunflower State Health Plan signed Stormont-Vail HealthCare into its provider network near the end of last year, greatly increasing its local footprint as the state moves into a managed care Medicaid system." Sunflower State "is one of three managed care organizations that won contracts to coordinate care for the 380,000-some Kansans who currently receive Medicaid benefits," in the new Medicaid system known as KanCare. According to spokeswoman Sandy McBride, Sunflower State Health Plan "has been working over the past several months to build a 'robust network' of provider partners to begin serving Medicaid members in Kansas on January 1."

Anthem To Make HIV Medications Mail-Order Only.



The [U-T San Diego](#)   (1/2, Sisson) reports that in an effort to control costs, Anthem Blue Cross spokesperson Darrell Ng recently informed subscribers who use specialty pharmacies to obtain HIV medications that beginning Jan. 1, they must get their prescriptions through a "specially designated mail-order pharmacy." However, Ng told U-T San Diego on Monday "that requests from state regulators and advocacy groups persuaded the insurance

company to push the date back" to March 1. He said the policy change would affect "0.1 percent, or about 8,000" of the eight million Anthem subscribers in California, and it is not applicable to Anthem's supplemental Medicare insurance. Meanwhile, U-T San Diego notes that some specialty pharmacies are lobbying against Anthem's change, arguing that mail-order subscriptions often result in medication being delivered late.



Network Health To Offer Plans On Massachusetts' Online Insurance Marketplace.

The [Boston Globe](#)   (1/2, Weisman) reports Network Health, "which provides health insurance for nearly 215,000 low- and moderate-income residents in Massachusetts, will be entering the commercial health insurance market by offering a half dozen plans through the Massachusetts Health Connector, the state's online insurance marketplace, and through Network Health's own website." The company was "acquired in 2011 by Tufts Health Plan" and now it "will offer plans through the Health Connector's Commonwealth Choice program, which enables individuals, families, and small groups to compare plans available from the state's major insurers and enroll online."



Florida School District Employees Face New Health Insurance Premium Hikes.

The [Palm Beach \(FL\) Post](#)   (1/1, Schultz) reported, "While recently negotiated labor contracts are expected to give nearly all of the Palm Beach County School District's roughly 20,000 employees pay raises later this month, another contract already approved by the board will cause some of those employees to pay more for their health insurance starting today." The increases are part of the district's new health insurance benefits, which were "negotiated with all four labor unions representing district employees this past summer." Notably, employees in the "High Option" HMO plan, "will be will be paying higher monthly premiums than they did in 2012," while "employees in the 'Low Option HMO', who already pay annual deductibles of \$500 and office visit co-pays of \$40, will not see any monthly premium increases."

Medicare Competitive Bidding Pilot Program Saw Success.

The [Inland Valley \(CA\) Daily Bulletin](#)   (1/2, Whaley) reports, "A two-year Medicare cost-cutting experiment in San Bernardino and other areas has been wildly successful, officials say, reducing the price of certain medical equipment by 42 percent and saving the government and taxpayers more than \$200 million nationwide." The experiment, a "new competitive bidding program" in which "medical-supply firms for the first time had to bid for the right to continue selling certain pieces of equipment to Medicare recipients," was launched in nine areas around the country, and now CMS wants to expand it to 91 more. Says David Sayen, regional administrator for CMS, "You can't argue with a program that increases quality, guarantees access and reduces costs both for the taxpayers and for the beneficiaries."

Medicare To Begin Shift Away From "Fee-For-Service" In 2013.

In an analysis piece on changes coming this year to Medicare, the [Los Angeles Times](#)   (1/1) reported, "One of the fundamental problems in the U.S. healthcare system is that the most common and straightforward payment method - paying a fee for each service rendered - encourages doctors and hospitals to provide more care, not better care." And further, "Nowhere are these weaknesses more acute than in Medicare, which pays most participating doctors and hospitals on a fee-for-service basis." However, "Shifting Medicare to new payment methods that encourage quality and efficiency is crucial to sustaining the program, which is the biggest driver in the federal government's long-term fiscal problems." The article then looked into what shifts are expected this year, as a result of the Affordable Care Act, concluding that "they don't dramatically change the improper incentive in fee-for-service Medicare."

Monday's Lead Stories

- [Employers May Curtail 2013 Hiring Due To ACA.](#)
- [As "Cliff" Talks Come Down To The Wire, Obama Blames GOP For Impasse.](#)
- [Kansas To Launch KanCare January 1.](#)
- [Column Looks Into Business Owners' Difficulties Dealing With ACA.](#)
- [ACA Contains Provisions "Pushed By" NRA And Opposed By Gun Control Advocates.](#)

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