

Customized Briefing for Kimberly Barry-Curley

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## Leading the News



### Sequester Cuts Could Cost Hospitals \$3 Billion, 73,000 Jobs Nationwide.

As the sequester is set to take effect, several outlets provide health-specific coverage of the impact the cuts are likely to have. Many note what will potentially be lost, including many food safety inspections, hospital jobs, and funding for things like the Indian Health Services. On a more positive note, a few add that Medicare cuts kick in a month later than the rest.

[McClatchy](#)   (3/1, Pugh) reports, "Hospitals across the country will face significant job losses, service reductions and other belt-tightening measures when President Barack Obama signs the order Friday implementing a series of automatic budget cuts." Starting April 1, sequestration "would impose a 2 percent reduction in Medicare payments to hospitals, doctors and insurers." According to an analysis by iVantage Health Analytics, "More than 4,200 hospitals that are among the largest employers in their communities would lose nearly \$3 billion under the Medicare cuts this year." In total, nationwide, more than 73,000 hospital jobs could be lost. For example, the [Baltimore Sun](#)   (3/1, Walker) reports, "If the federal government goes through with sequestration cuts beginning today, Maryland stands to lose millions of dollars in health-related funding that could leave hospitals such as Anne Arundel Medical Center looking for ways to make up lost revenue without weakening medical care." Further, "At the National Institutes of Health, which is responsible for more than 80 percent of federal biomedical research funding, sequestration would slash \$1.5 billion from the agency's \$31 billion budget."

And, more, the [Columbus \(OH\) Business First](#)   (3/1, Ghose) "Columbus Biz Insider" blog reports that the Ohio Hospital Association has said that "hospitals in the state will be hurt by Medicare cuts in the sequester if Congress fails to act." According to their estimate, the 2% Medicare cut "works out to \$1 million a month."

[HealthDay](#)   (3/1, Gray) provides an overview of healthcare programs likely to be affected by sequestration.

[Medicare Providers Hopeful For Solution Before Sequester Cuts Go Through.](#) [CQ](#)   (3/1, Ethridge, Subscription Publication) reports, "Medicare providers are preparing for a 2 percent payment reduction under the sequester, but they hope a one-month lag will buy them some time to avoid the full brunt of the cuts." Medicare cuts will take place April 1, a month after the rest of the sequester cuts go through. With the extra time, "Provider groups hope during that period, Congress will come up with a solution to avoid the cuts before hospitals and physicians feel them."

## From NAHU

Access NAHU's latest information on PPACA, including a timeline, through our Compliance Corner by [clicking here](#). This section of the website is constantly being updated, so be sure to check in often!



## Legislation and Policy

## Federal Government To Run Exchanges In States With Most Uninsured.

[CQ](#) [f](#) [t](#) (3/1, Reichard, Subscription Publication) reports that new data from Enroll America shows that it will be up to the Federal government to run exchanges "in the states with the most uninsured Americans." The analysis shows that "13 states account for two-thirds of the uninsured population," and "9 of those 13 states will rely on the federally facilitated exchange to direct the uninsured to the appropriate coverage, offer them a menu of plans, determine their eligibility for subsidies, and handle enrollment, which is scheduled to begin on Oct. 1." Of the 13 states, California and New York have committed to running their own exchanges, Michigan and Illinois are set to partner with the Federal government, and the remaining nine--Virginia, Arizona, New Jersey, Pennsylvania, Ohio, North Carolina, Georgia, Florida, and Texas--are handing the task over completely.

## Insurers, Providers Dueling Over Pricing Of Plans On Exchanges.

On the front page of its Business Section, the [Wall Street Journal](#) [f](#) [t](#) (3/1, B1, Mathews, Kamp, Subscription Publication) reports on the struggle between providers and insurers over prices for services sold over the Affordable Care Act's new exchanges, set to launch October 1. In order to make the coverage affordable, insurers are pushing hospitals to offer discounts in exchange for inclusion in a smaller pool of providers on the exchanges. However, it seems that insurers aren't getting the magnitude of discounts they had hoped for, as Tenet Healthcare Corp., one of the biggest hospital operators in the United States, offered discounts of less than 10% to three insurers.

The [Kaiser Health News](#) [f](#) [t](#) (3/1, Hancock) "Capsules" blog reports further that Tenet Healthcare, a Dallas-based hospital chain, "told analysts that its first contracts to treat patients buying policies in the ACA's online marketplaces next year include total discounts of less than 10 percent compared with existing business." According to the blog, if this indicates how much "hospitals reduce prices in an effort to win what are expected to be millions of newly insured patients under the Affordable Care Act," it will be "a little, not a lot."

## CMS Provides Senate With Timeline For Exchange Implementation.

[CQ](#) [f](#) [t](#) (3/1, Subscription Publication) reports, "In response to questions Senate Finance Chairman Max Baucus has about whether the health care law exchanges will be ready to open on time, the Centers for Medicare and Medicaid has provided a timetable outlining the steps the agency will take between now and Oct. 1." Earlier this month, Baucus asked Gary Cohen, head of the Centers for Consumer Information and Insurance Oversight at CMS, "to get him a list of implementation milestones with 'dates, timelines, by which you want 'x' amount accomplished, so we can measure' progress." Now, CMS has produced a timeline, broken into four categories: policy, operations and IT, issuers and states, and consumer assistance. The article carries the full timeline for each category.

## Michigan House Votes In Favor Of Health Exchange.

The [Detroit Free Press](#) [f](#) [t](#) (3/1, Gray) reports the Michigan House of Representatives "voted overwhelmingly today to accept federal funding for a health exchange." The bill "allows the state to accept \$30.6 million in federal dollars to create a web-based exchange where Michigan residents can go to investigate and ultimately purchase health insurance required by the Affordable Care Act." House Republicans previously "declined to pass the legislation out of committee last year because of angst over accepting anything to do with the health care law," but on Thursday, many teamed with Democrats to pass the bill.



## Some States Implementing Insurance Rating Systems This Fall.

[Kaiser Health News](#) [f](#) [t](#) (3/1, Appleby) reports that this fall, a few states will begin to rate health plans "on quality measures designed to help consumers make better-informed decisions about what coverage to buy." States including Oregon, Maryland, Colorado, Minnesota, and California, "are opting to do the ratings early, before the federal health law requires them to do so in 2016. They're scrambling now to decide what to measure and how to translate that into something useful to the millions of individuals and small businesses expected to shop for coverage in the new marketplaces beginning in October."





## Texas State Senator Asks Republicans To Consider Alternative Medicaid Expansion Approach.

The [Dallas Morning News](#) [f](#) [t](#) (3/1) reports state Sen. Bob Deuell has urged Gov. Rick Perry and fellow Republicans to take a "common sense approach" as alternative to the proposed expansion of Medicaid." Deuell advocates requesting a waiver from Medicaid officials in Washington that would 'block grant' some of the \$100.1 billion over 10 years that Texas could draw down were it to opt into the federal law's Medicaid expansion." Deuell also favors a "system of subsidies for private insurance for low-wage workers that would be purchased in a state-run insurance exchange - not the exchange that will be created under the federal law, but a 'more patient friendly' one modeled on federal legislation known as the Patients' Choice Act."





## DOL Issues Rules Permitting Regulators To Seize Assets Of Fraudulent Healthcare Pools

. [The Hill](#)   (2/28, Wilson) reported in its "Regwatch" blog that the Department of Labor is "issuing two final rules authorized by the healthcare reform law that aim to protect small-business employers and their employees from predatory health benefit arrangements." Federal regulators will not be able to "freeze the assets of fraudulent or abusive small-business healthcare pools." Specifically, the new rules permit the Labor Secretary to "assess from a fraudulent program if there is "probable cause" that the plan is in a "financially hazardous condition."

## Utah Autism Treatment Bill Greatly Revised.



The [Salt Lake \(UT\) Tribune](#)   (3/1, McKittrick) reports that [SB55](#)  , "a bill to mandate insurance coverage for autism treatment, received a drastic makeover Thursday in the Utah Senate, disappointing hundreds of parents who hoped they could soon afford the necessary therapies for their children. In its original form," the measure "would have required insurance coverage for children diagnosed with autism spectrum disorder." Yesterday, the sponsor of the measure, Sen. Brian Shiozawa (R-Cottonwood Heights), reworked the bill, paring it back by "nixing the insurance and confining it to expansion of a pilot program enacted last year."

## Wisconsin Governor's State Smoking Surcharge Angers Anti-Smokers.



The [AP](#)   (3/1) reports, "Anti-smoking advocates say a \$50-a-month health insurance surcharge for state workers who smoke is the wrong approach to getting smokers to quit." Organizations opposed to the measure include "Smoke Free Wisconsin, the American Lung Association, the American Cancer Society and the Campaign for Tobacco-Free Kids," which argue that "there is little scientific evidence to show financial incentives or disincentives cause someone to quit smoking." The [Wisconsin Radio Network](#)   (3/1, Johnson) also covers the story on its website.

## Public Health and Private Healthcare Systems



### On Medicaid, Governors Accepting Expansion, Seeking Leeway.



The [Washington Times](#)   (3/1, Howell) reports, "Governors are increasingly embracing a key part of President Obama's health law by expanding their Medicaid programs - but they are using the law as a bargaining chip to try to win more flexibility for how they run their own state programs." Governors and state lawmakers have, for years, "asked for more leeway in Medicaid," and now that President Obama is "eager to see states expand their programs as part of his health law, governors are using that leverage." The piece runs through the examples of Florida Governor Rick Scott's new waivers, and Arkansas Governor Mike Beebe's plan to offer Medicaid through a state-based exchange, which HHS Secretary Kathleen Sebelius signed off on this week.



### Federal, California Governments Spent Over \$100 Billion On Healthcare Costs Annually.

The [San Luis Obispo \(CA\) Tribune](#)   (2/28, Reese) reported the "federal and state government spent \$46 billion on Medicaid (Medi-Cal), a health care program for the poor, and the federal government spent \$59 billion on Medicare, a health care program for the elderly, in 2011, according to recent estimates from the U.S. Bureau of Economic Analysis." Additionally, the "nonpartisan Congressional Budget Office estimates that Medicare and Medicaid spending will rise from 5 percent of the nation's gross domestic product today to 10 percent of GDP by 2037." Both the Federal and state governments cover Medicaid costs. "California pays about \$16 billion a year from its general fund toward its program, called Medi-Cal. Spending on the program has slowed a little as the economy improves and state cuts take effect."



### Illinois Senate Passes Medicaid Expansion Along Party Lines.

The [Chicago Tribune](#)   (3/1, Guerrero) reports that the Illinois Senate approved Medicaid expansion Thursday, with a "party-line vote:" all 40 Democratic Senators for, all 19 Republican Senators against. The measure now goes to the House. In a statement following the vote, Governor Pat Quinn, a Democrat, said, "Access to quality health care is a fundamental right. [The ACA will] improve the health of hundreds of thousands of people across Illinois, strengthen our health care system and create thousands of good jobs in the health care field."

The [AP](#)   (3/1) reports, "Starting in 2014, an estimated 500,000 to 600,000 uninsured Illinois residents would be newly eligible for coverage. The expansion would mainly benefit low-income adults who don't have children at home."



The [Bloomington \(IL\) Pantagraph](#)   (3/1, Hlavach) notes, "Under the Senate measure, adults with incomes at or below 138 percent of the federal poverty limit - \$15,415 for an individual - will be able to enroll in Medicaid starting 2014. Currently, adults are eligible

for Medicaid only if they have disabilities or care for dependent children."

In a separate account, the [AP](#)   (3/1) reports that "Illinois Gov. Pat Quinn is thanking the state Senate for approving an expansion of Medicaid under the Affordable Care Act." He says that "he's grateful to Senate President John Cullerton, bill sponsor Sen. Heather Steans and everyone who voted for the bill." Further, "The governor says that access to quality health care 'is a fundamental right,'" and hopes the State House will also approve the bill.



The [Galesburg Register-Mail](#)   (3/1, Olsen) also reports.

## **Nixon Says Medicaid Expansion Plan Will Have "A Profound And Positive Impact."**



The [Sedalia \(MO\) Democrat](#)   (2/28, Kirby) reported Missouri Gov. Jay Nixon "today addressed community leaders at Bothwell Regional Health Center to discuss his plan to bring federal tax dollars back to Missouri to strengthen Medicaid in the state." The plan would bring in \$5.7 billion to Missouri and expand health coverage to an additional 300,000 state residents over the next three years at no cost to the state. Nixon said Thursday afternoon that the expansion will "have a profound and positive impact, not only on our health, but also on the local economy here in Sedalia and in communities in every corner of our state." Nixon said that the decision was not a political one, "it's an economic one. And we shouldn't let last year's politics get in the way of next year's economic growth."

The [Sedalia \(MO\) Democrat](#)   (3/1) also reports on this story.



## **Pennsylvania Governor May Be Weighing Medicaid Expansion Reversal.**

[Politico](#)   (3/1, Cheney) reports that Pennsylvania Governor Tom Corbett, "a Republican governor of a Democratic state," may be "on the verge of a Medicaid reversal." Though he recently "railed against the health law's massive Medicaid expansion and omitted it from his proposed budget," he is being pressured from all sides: surrounding Governors, both Republican and Democrat, are opting in, and now "hospitals and advocacy groups are pressing him to take the money." On Wednesday, "Corbett confirmed he had recently requested a chat with Health and Human Services Secretary Kathleen Sebelius," to discuss Medicaid expansion. Still, his office said the meeting does not necessarily mean he will change his mind.



## **Hospital Poll Shows About Half Of Texans Support Medicaid Expansion.**

The [Dallas Morning News](#)   (3/1, Garrett) reports according to a new poll commissioned by the Texas Hospital Association, "about half of Texans support expanding Medicaid, while roughly one-third say the state should turn down the federal government's inducements to enlarge the program for the poor," The poll concluded that "54 percent of state voters said Texas should participate" in expanding Medicaid. 34 percent said Texas should reject expansion. Dr. Dan Stultz, the hospital group's president and CEO, said, "Texans understand that Medicaid expansion is a wise investment because it increases access to health care and reduces costs to the local taxpayers who shoulder the burden when the state and federal governments cut funding to public hospitals as they have done in recent years."

## **Texas House Advances Legislation For Emergency Medicaid Appropriations.**



The [Alpine \(TX\) Avalanche](#)   (3/1) reports proposed legislation for emergency Medicaid supplemental appropriations "was approved by the Texas House on Feb. 21," and will go to the Senate for consideration. Texas funding for Medicaid was cut by its Legislature in 2011 to address a projected budget shortfall. However, a "a robust state economy over the past 18 months and brisk tax collections have improved the fiscal outlook. In response, HB 10 proposes to tap the state's general revenue fund to the tune of \$4.8 billion, \$3.2 billion of which is designated for acute care services to be administered by the state Health and Human Services Commission, and a little over \$1 billion for long-term care services to be administered by the Department of Aging and Disability Services."

## **Poll Shows Most Iowans Favor Medicaid Expansion.**



The [Spencer \(IA\) Daily Reporter](#)   (3/1) reports a poll, conducted by Essman/Research in Des Moines and funded by the American Hospital Association, found that 56 percent of Iowans support expanding Medicaid, compared to 32 to oppose it. A majority of adults in each Iowa congressional district "supported expansion by a margin of at least 18 points. And while urban-dwelling Iowans are much more likely to support expansion (64 percent), a majority of rural Iowans (54 percent) also back the idea." The poll also revealed that "Iowa Republicans are split over the question, with 43 percent in support and 45 percent against. However, when asked if Iowa should expand Medicaid to prevent losing the state's share of federal funds to other states, far more Republicans support expansion (47 percent) than oppose it (37 percent)."



## **State Estimate Shows Medicaid Expansion Could Save Iowa Counties Millions On Mental**

## Healthcare.

The [Des Moines \(IA\) Register](#)   (2/28, Leys) reported that a state estimate from within Gov. Terry Branstad's Administration found that "Iowa counties could save up to \$60 million per year in mental-health costs if the state agrees to expand its Medicaid program." Branstad as said he opposes expansion, citing doubts the Federal government will fulfill their promise "to pay nearly all the cost." Jennifer Vermeer, director of Iowa's Medicaid program, explains, "Many mental-health services are now administered by counties, which spend about \$130 million per year on them." Her agency "estimated that the Medicaid expansion would lift \$27 million to \$60 million of those costs from counties' shoulders." One of the criticisms of the Branstad-approved IowaCare, "a Medicaid offshoot that provides limited health-care benefits," is that it does not address mental-healthcare.



## Arkansas Strikes Unique Medicaid Expansion Deal With HHS.



The [Washington Post](#)   (3/1, Kliff) "Wonkblog" reports on the deal Arkansas Governor Mike Beebe, a Democrat, has struck with HHS to get him to sign onto Medicaid expansion under the Affordable Care Act. HHS agreed, "to the surprise of many," to allow Beebe to "use federal Medicaid dollars to buy private insurance coverage for everyone below 133 percent of the federal poverty line (about \$15,000 for an individual)." As he told reporters at the National Governor's Association on Saturday, "After meeting with Secretary Sebelius and her team. some things we might not have thought possible are now possible."

[Politico](#)   (3/1, Cheney, Millman) explains, "Beebe's idea isn't partial expansion, which HHS has already said states can't do if they want the federal funds. But the state would take the federal dollars for Medicaid expansion to provide private coverage through an insurance exchange to hundreds of thousands of residents who earn less than 138 percent of the federal poverty level."



In an overview of the plan, David Ramsey of the [Arkansas Times](#)   (3/1) reports, "the short version is that new plan would 1) be just as good for low-income uninsured folks 2) cost taxpayers more 3) represent a windfall for hospitals, providers, and insurance companies."


## Nebraska Lawmakers Weighing Medicaid Expansion.





The [AP](#)   (3/1, Skelton) reports, "Health care advocates urged Nebraska lawmakers on Thursday to expand Medicaid coverage as part of the federal health care law, while the state's Medicaid chief says the program is too expensive." Supporters, "many of them from the health care industry, testified before the Legislature's Health and Human Services Committee," arguing that "expanding Medicaid to an estimated 55,000 newly eligible Nebraskans would allow the federal government to cover long-term health care costs and reduce the financial burden on taxpayers and hospitals." The article notes that among the opposition is Governor Dave Heineman, who "says he worries about the program's costs."

**Doctor Lobbies For Medicaid Expansion.** The [Lincoln \(NE\) Journal Star](#)   (3/1, Young) reports that Dr. Rowen Zetterman, "testifying on behalf of the Nebraska Medical Association at a hearing of the [state] Health and Human Services Committee," lobbied for expanding Medicaid under the Affordable Care Act, "an important opportunity for the health of Nebraskans." He explained that "Expanding Medicaid would provide routine and preventive care to more Nebraskans, reduce costly hospitalizations and deaths and have a positive economic effect."

## Alaska Governor Declines Medicaid Expansion For Now.

The [AP](#)   (3/1, Bohrer) reports that Alaska Governor Sean Parnell said Thursday "he is opposed to expanding Medicaid in the state, given what he knows about the federal budget." He told reporters that "he will not ask the Legislature this session for funding or authorization to expand the program," but "will continue to study the issue, with his next decision point coming when he submits his next budget in December." He said, "Both the Legislature and I and the Alaska people need to see that it's in our interest as a state before we go down that road, and right now, I don't see that's the case. But I'm open to being proven differently."

The [Juneau \(AK\) Empire](#)   (3/1, Miller) reports that Parnell pointed to the turmoil in Washington as a reason for not accepting Medicaid expansion. He said, "We will have gone from January's 'fiscal cliff,' to the March 1 sequester, to the April 1 potential government shutdown, crisis to crisis. And then oh, by the way, the debt limit challenge this fall as well. That's the state of play with the federal government right now."

The [Alaska Dispatch](#)   (3/1, Perez, Zhou) notes that "The move by Parnell puts Alaska in the company of a shrinking number of states rejecting an expansion of Medicaid, the federal health care program for the poor." Further, "While some legislators called the action 'a mistake,' they said it was unlikely to be challenged." [Alaska Public Radio Network](#)   (3/1) also reported.



## Fallin Reiterates Opposition To Medicaid Expansion In Oklahoma.



The [AP](#)   (3/1, Murphy) reports, "Gov. Mary Fallin said Thursday she has no plans to revisit her decision to reject an expansion of



Medicaid in Oklahoma, saying instead she wants the federal government to give policymakers in the state the flexibility to develop their own plan for improving the health of its citizens." Despite "repeated calls from Democrats for Fallin to reverse her decision, the Republican governor reiterated her position that the Medicaid expansion would ultimately prove too costly to the state." She said in an interview with the AP, "I don't think we can afford it, and I've laid out my position on that. I have asked a consultant to analyze our options for being able to provide the best health care service in the state of Oklahoma and how we run our Medicaid system."



## Also in the News

### CMS Attributes Drop In Hospital Readmissions To ACA Provisions.

[Bloomberg News](#)   (3/1, Armour) reports, "Hospital readmission rates for Medicare patients are dropping after increasing for more than five years as the 2010 U.S. health-care law begins levying penalties for excessive numbers of repeat patient visits." According to the Centers for Medicare and Medicaid Services, "Thirty-day readmission rates fell to 17.8 percent late last year after averaging 19 percent for the past five," which "translates to 70,000 fewer readmissions in 2012 for Medicare, the U.S. health plan for the elderly and disabled." According to Jonathan Blum, deputy administrator for the Centers for Medicare and Medicaid services, who spoke today at a Senate Finance Committee Hearing, "The drop shows the Affordable Care Act is working to rein in costs."

[Modern Healthcare](#)   (3/1, Daly, Subscription Publication) reports that Blum said, "I believe that through the payment policies and the innovation models that are being created that there is some result."

**HHS' Blum Tells Senate Healthcare System Moving Toward Focus On Value.** [CQ](#)   (3/1, Attias, Subscription Publication) reports, "Policies aimed at moving the health care delivery system toward a focus on value rather than volume of services are showing signs of progress," Jonathan Blum, head of Medicare for the Obama Administration told the Senate Finance Committee on Thursday. Blum "pointed to four piece of information that he said are reasons for optimism." These points include the over 250 accountable care organizations in operation around the country and the decreasing rate of hospital readmissions.

[Reuters](#)   (3/1, Morgan) reports further on Blum's comments regarding the higher quality standards of Medicare Advantage plans, made at a hearing of the Senate Finance Committee Thursday. He said, "Those plans who are below four-star are facing, given what we've proposed, the greatest payment challenge. But I believe that plans that have made the transformation to provide four-star/five-star care will have a strong business model."

## Thursday's Lead Stories

- [Sequester Could Have Major Impact On Healthcare, Providers Largely Spared.](#)
- [Congresswoman Says House Energy Committee May Revive Dormant Medical Loss Ratio Bill.](#)
- [Republicans Abandoning Calls To Repeal ObamaCare.](#)
- [California Senate Committee To Consider Medicaid Expansion Bill.](#)
- [Census: Percentage Of Americans With Employer-Based Health Insurance Drops.](#)

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