

Government Affairs Update - October 6, 2016

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State Issues

Annual Cost Trends Report and Hearings

The Health Policy Commission (HPC) will be holding hearings on October 17 and 18, focused on health care cost trends and the findings of the newly released report from the Center for Health Information and Analysis (CHIA).

- CHIA Key Findings:
 - Statewide Total Health Care Expenditures (THCE) grew at 3.8% in 2015 (*preliminary*); slightly down from 4.2% in 2014 (Since the report was issued and as a result of new submissions by HPHC, CHIA has adjusted the THCE statewide expenditures to 4.1%).
 - Exceeded the benchmark of 3.6% and inflation 0.6%
 - But, in line with growth of the Massachusetts economy of 3.9%, and lower than per capita national health care expenditures of 4.6%
 - Spending by Payer
 - Commercial spending increased by 1.7% per member per month
 - MassHealth declined by 3.1% per member per month
 - Medicare increased by 2.0% per beneficiary per year
 - Pharmaceutical spending continues to drive overall growth; 10.1% in 2015 compared to 13.5% in 2014
 - Accounts for 1/3 of the overall growth in THCE
 - Massachusetts hospitals' performance on clinical processes measures was similar to national performance
 - Alternative payments declined by 1.9 percentage points to 35.1% in 2015

Price Variation Commission

The newly-created State Price Variation Commission, established as part of the compromise law that averted the SEIU's proposed ballot initiative, had its inaugural meeting on September 13th. Dr. Torchiana has a seat on the Commission, and will serve on a subcommittee that will examine market forces in Massachusetts (additional subcommittees will explore issues related to transparency and state monitoring). The Commission will meet again on October 11th, and has until March 15, 2017 to issue a report with its findings and possible recommendations for legislation, "if necessary."

Federal Issues

Congress Passes Continuing Resolution and Zika Funding

Congress approved legislation funding federal programs through December 9 and providing \$1.1 billion in emergency funding for the Department of Health and Human Services and other agencies to combat Zika. The compromise package to fund Zika response includes \$400 million in offsets through rescissions to accounts, including Affordable Care Act funds to set up exchanges in territories and unused Ebola funds. President Obama is expected to sign this into law. Congress will be in recess until after the November elections.

House Passes Bill Providing Relief from 25% Rule

The House of Representatives approved legislation ([H.R. 5713](#)) that would extend 25% Rule relief to long-term care hospital discharges between Oct. 1, 2016 and June 30, 2017. This legislation was a major priority for the American Hospital Association this legislative session. "For LTCH referrals that exceed a specified threshold, the 25% Rule policy currently reduces the Medicare payment from the LTCH rate to a far lower amount that is equivalent to an inpatient prospective payment system payment," AHA Executive

Vice President Tom Nickels wrote in a recent letter of support for the bill. “This policy arbitrarily penalizes LTCH admissions based on the origin of an LTCH referral, with complete disregard for the patient’s medical necessity for LTCH services.” This legislation is currently in the Senate Finance Committee.

CMS to Give Clinicians More Options to Comply with MACRA Quality Program in 2017

The Centers for Medicare & Medicaid Services (CMS) will give physicians and other clinicians more options in the first year to comply with the new quality payment program being instituted under the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). The quality program will begin in 2019, but clinicians must submit data for 2017 to avoid penalties. In 2017, clinicians participating in the Merit-based Incentive Payment System (MIPS) will be able to choose from among three options to satisfy MIPS requirements. The first option allows clinicians to avoid a negative payment adjustment by submitting some MIPS data. Clinicians may also opt to report under the MIPS for less than a full year, and potentially receive a small positive payment adjustment. Finally, clinicians may report a full year of data on all MIPS categories and potentially receive a higher positive payment adjustment. CMS will provide more detail on these options in the MACRA final rule, which it will release by Nov. 1, 2016. More information can be found [here](#).

Senate HELP Committee Holds Hearing on Laboratory Developed Tests

The Senate Health, Education, Labor & Pensions Committee held a [hearing](#) on laboratory developed tests, which are developed, validated and performed by individual laboratories, including hospital laboratories, when commercial diagnostic tests do not exist or meet clinical needs. During the hearing, Committee Chairman Lamar Alexander (R-TN) said FDA regulation of the tests would amount to “unnecessary double regulation” and may hurt “Americans who stand to benefit from the rapid pace of science and discovery.” Testifying at the hearing were representatives from Memorial Sloan Kettering Cancer Center in New York; NorthShore University HealthSystem in Evanston, IL; BD Life Sciences; and Friends of Cancer Research.