GOVERNMENT RELATIONS WEEKLY POLITICAL UPDATE

For the Week of February 6, 2012

By: Pat Brooks, Jon Grayson, Chuck Girard, and Frazer Rolen

THE WEEK’S FEDERAL LEGISLATIVE UPDATES

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Physician Payment Fix/Medicare Extenders Deadline Update

Progress, Not Perfection

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CMS: Recovery Audit Prepayment Review Demonstration Back on Calendar

THE WEEK’S STATE LEGISLATIVE UPDATES

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PIP Update
The Sale or Lease of a Public Hospital, HB711 & SB1568

KENTUCKY

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Physician Payment Fix/Medicare Extenders Deadline Update
The conference committee selected to negotiate the payment extensions, payroll tax holiday, and the physician payment fix met this week for the fourth time. Medicare beneficiary adjustments were revisited along with war spending funds, and adjustments to federal mortgage fees as possible pay-fors, but unfortunately no resolutions came out of the meeting. The House instructed negotiators in a nearly unanimous vote to finish an agreement by the end of next week, ahead of the February 29 deadline.

Progress, Not Perfection
According to a survey released this week by the Commonwealth Fund, U.S. families with incomes below 133% of the federal poverty level are the least likely to be insured, indicating that the federal health reform law's Medicaid expansion will significantly improve the country's uninsurance rate. However, the survey also found that without efforts to increase the number of primary care physicians, many U.S. residents still will be forced to obtain care in emergency departments. The report is the first in a series intended to track changes resulting from the overhaul. For more information go to: Survey

Coalition Unveils New Ad; Media Campaign Enters Third Week
The Coalition to Protect America's Health Care has launched a new television ad urging Congress not to cut Medicare and Medicaid funding for hospital care as part of any agreement to extend the Social Security payroll tax holiday and emergency unemployment benefits, and fix the Medicare physician payment system. The ad continues the real-life story of Deborah, a worried daughter caring for her ailing father. Like the earlier ad, which will continue to run in rotation with the new one on national cable and key broadcast markets, the new ad warns that cutting Medicare and Medicaid payments to hospital care will mean fewer doctors and nurses, longer waits in emergency rooms and less access to the newest treatments. Both ads can be viewed at www.protecthealthcare.org. The American Hospital Association (AHA) and the Federation of Americas Hospitals (FAH) are founding members of the coalition, a broad-based group dedicated to educating the public about issues affecting hospitals' financial situation, and what this means for patients and their families.

CMS: Recovery Audit Prepayment Review Demonstration Back on Calendar
The Centers for Medicare & Medicaid Services (CMS) plans to launch its Recovery Audit Prepayment Review Demonstration on or around June 1, the agency stated. In November they announced that the demonstration will allow Medicare recovery audit contractors to conduct prepayment reviews of certain types of inpatient hospital
claims in 11 states, which include California, Florida, Louisiana, Missouri, and Texas. The project’s original January 1 start date was delayed. CMS also expects to begin a similar demonstration for power mobility devices around June 1. For more information, visit www.cms.gov.

**STATE**

**Florida**  
**PIP Update**  
Senate Bill 1860, which reforms the utilization and provider component of Personal Injury Protection (PIP) by giving hospitals priority standing in PIP claims has passed the Banking and Insurance Committee. In addition, this bill reforms PIP litigation by setting out a fee schedule for reimbursements and closes the licensure loophole for clinics.

House Bill 119 caps attorneys’ fees by limiting them to a maximum of $15,000. In addition, it creates a no-fault system, requiring $10,000 in coverage, and replaces PIP with Emergency Care Coverage (ECC). ECC would provide coverage for emergency transport, emergency care at a hospital, hospital inpatient care, and care rendered within 72 hours after an accident for an emergency medical condition. The remaining committee stop for HB 119 is the Economic Affairs Committee.

**The Sale or Lease of a Public Hospital, HB711 & SB1568**  
Both of these bills require a formal review process for the sale or lease of county, district, or municipal hospitals. HB 711, which requires that transactions be reviewed by a circuit court judge, has passed the House Civil Justice Subcommittee. Senate Bill 1568 requires that these transactions be reviewed by the state CFO and has passed the Senate Community Affairs Committee.

**Kentucky**  
**Redistricting**  
On February 2, Franklin Circuit Judge Philip Shepherd issued a restraining order, enjoining the Secretary of State from implementing the previous filing deadline of January 31, and effectively extending the deadline at least until February 7, while he reviews the legislature’s redistricting plans and considers whether they are constitutional. His actions stopped the legislative business as lawmakers were reluctant to address sensitive issues (gambling, the budget, drug legislation) until the new district lines are finalized and lawmakers could better assess their opposition going into the fall elections.

**Cabinet for Health and Family Services Secretary to Resign**
Governor Steve Beshear has announced the resignation of Cabinet for Health and Family Services (CHFS) Secretary Janie Miller, effective February 29. Secretary Miller was among Governor Beshear’s first appointments in his first term, and is leaving to seek other opportunities. Secretary Miller has more than 35 years of experience in various public administrative and regulatory roles, including 21 years in development and administration of health care programs for the state.

Current CHFS Deputy Secretary Eric Friedlander will serve as interim Secretary of the Cabinet as the Governor initiates his search for a new Secretary. Deputy Secretary Friedlander has served in the Cabinet in a variety of roles since 1985.

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