From our Government Relations Team, we wish you and your family a wonderful Thanksgiving Holiday.

The Weekly Political Update Report will resume on December 1.

FEDERAL

- Representative Ryan Will Chair Ways & Means Committee
- Ways & Means Discussion Draft on Medicare Hospital Issues
- Wyden Urges Quick Action on 'Doc Fix,' Citing Rising Costs
- Traumatic Brain Injury (TBI) Reauthorization Act, S.2539

STATE

- Alaska
- California
- Idaho
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- Utah

FEDERAL

Representative Ryan Will Chair Ways & Means Committee

The House Republican Steering Committee chose Representative Paul Ryan (R-WI) to Chair the House Ways and Means Committee for the next Congressional term, which begins in January, 2015. Representative Ryan succeeds Representative Dave Camp (R-MI) who is retiring.
Issues

Ways and Means Subcommittee on Health Chairman Kevin Brady (R-TX) unveiled the Hospitals Improvements for Payment (HIP) Act of 2014 discussion draft as part of the Committee's broader effort on comprehensive Medicare reform. The Draft addresses the problems associated with Medicare's two-midnights policy, short inpatient stays, outpatient observation stays, auditing and appeals. Title I of the HIP discussion draft includes detailed solutions to these problems; Title II includes 19 different policies introduced by various members of the Ways and Means Committee that pertain to hospital reform.

Chairman Brady unveiled the draft legislative language with a specific request - that all stakeholders provide comment and add their voices to the legislative process.

In response to the release of the discussion draft, Brady stated, "The complex challenges facing hospitals require a comprehensive solution. This draft legislation retains the needed oversight of auditors while offering reforms to the Recover Audit Contractor (RAC) process and appeals, and an additional option to the Centers for Medicare and Medicaid Services (CMS) settlement proposal. It also includes a number of proposed health care policies developed by both Republican and Democrat members of Congress. To determine the best solutions going forward we need all stakeholders to review this discussion draft carefully and provide timely, real-world feedback."

Title I of the HIP discussion draft addresses and offers solutions for nine specific issues, including:

- A new hospital prospective payment system
- A new per diem rate for short lengths of stay
- Repeal of the two-midnights payment reduction
- Improvements to the RAC program

Title II of the HIP discussion draft contains 19 prioritized legislative goals, including:

- Repeal of the Affordable Care Act moratorium on physician-owned hospitals, supported by Ways and Means Subcommittee on Social Security Chairman Sam Johnson (R-TX)
- Expanding access to Medicare data, supported by Budget Committee Chairman Paul Ryan (R-WI)
- Providing relief to critical access hospitals, supported by Representative Adrian Smith.

A fact sheet for the HIP discussion draft can be found [here](#), and a section-by-
Wyden Urges Quick Action on 'Doc Fix,' Citing Rising Costs

On November 14, the Congressional Budget Office (CBO) estimated that a bipartisan, bicameral "doc fix" plan introduced in February (HR 4015, S 2000) to replace the sustainable growth rate formula (SGR) would cost $144 billion over a decade. That's up from the roughly $138 billion, 11-year price tag that CBO released in February.

While the new estimate spans fiscal years 2015 to 2024, a Democratic aide said that CBO would add another year to that window in February, drawing it out to fiscal 2025. Based on the projected cost for 2024 and the increases in prior years, the expanded timeframe could add around $21 billion to the cost of the legislation.

Senate Finance Chairman Ron Wyden said the rising cost of replacing Medicare's physician payment formula adds urgency to the effort to pass compromise legislation during the lame duck instead of waiting until the March 31 deadline to prevent scheduled cuts to doctors.

One reason for the higher price tag since the February estimate is that a policy in the compromise bill was incorporated into legislation signed into law in April (PL 113-93) that temporarily forestalled cuts to Medicare doctors, according to the aide. If the patch expires without further congressional action, doctors will see about a 21 percent cut in their fees April 1.

In its updated score, CBO also estimated that an alternate step that would freeze current payment rates for the next 10 years would cost $118.9 billion, slightly less than a $124 billion projection the agency made in April. Passing another temporary patch freezing current rates through the end of 2015 would cost $13.6 billion over a decade while a longer patch through 2016 would cost $32 billion, the CBO estimated.

Lawmakers and advocates have been urging congressional leaders to include the replacement legislation on the lame duck agenda; though a lack of consensus over how to handle its cost remains a significant obstacle. Wyden said lawmakers from both parties and chambers have approached him unsolicited to ask why Congress can't act now. The issue is getting the attention of members focused on health issues and "a surprising number who are hearing from seniors and
providers at home saying, 'get this done,'" he said.

**Traumatic Brain Injury (TBI) Reauthorization Act , S.2539**

First introduced in the Senate Health, Education, Labor, and Pensions (HELP) Committee, this legislation passed the Senate with amendments on September 16, 2014, and reauthorizes, through FY2019, the programs of grants to states and Indian consortia for Traumatic Brain Injury (TBI) services, and protection and advocacy systems to provide services to individuals with TBI. (Sec. 5) Directs the Secretary of Health and Human Services (HHS) to develop a plan for the improved coordination of federal activities with respect to TBI that will:

- Review interagency coordination efforts
- Identify areas for improved coordination between federal agencies and programs including those with a focus on serving individuals with disabilities
- Identify adopted recommendations from the report on development and improvement of TBI diagnostic tools and treatments and describe plans to address each recommendation that has not been adopted.
- Incorporate feedback from stakeholders, including individuals with TBI and their caregivers.

This bill also directs the Centers for Disease Control and Prevention (CDC) to review the scientific evidence related to brain injury management in children and identify opportunities for research.

**STATE**

**Alaska**

**Governor Parnell Concedes To Walker-Mallott Ticket**

In early September, then Republican Bill Walker and Democrat Byron Mallott merged their campaigns and created a "unity ticket." Governor Sean Parnell (R) found himself in a tough race against Walker (I), who, was in the lead with 48% of the votes to Governor Parnell’s 46.6% on November 4. However, the State Election Commission did not certify the race until later in the month when some 20,000 rural votes had been counted. On November 17, Governor Parnell met with candidate Bill Walker and conceded the election, pledging an orderly transition. "I deemed it in Alaskans' interest to begin coordinating transition activities now with the Walker-Mallott ticket in the event the vote count holds."
California

Medi-Cal Enrollment Jumps to 11.3 Million
The state Medi-Cal system, California's Medicaid program, has taken on 2.7 million more Californians since October 2013. That reflects an increase of 31% from the 8.6 million previously enrolled. The jump brings the current number of Californians in the Medi-Cal program to 11.3 million, or roughly 30% of the state's population. Those numbers likely will drop somewhat, as the Medi-Cal renewal process finishes over the coming months.

Idaho

YourHealthIdaho.org
On November 22, Idaho officials plan to launch the state-run health insurance exchange, YourHealthIdaho.org, amid pledges to state residents that the enrollment process will be smoother than last year's open enrollment period with the federal exchange. Last year Idaho was one of eight states to operate its exchange in part partnership with the federal government.

The state is now one of just twelve, in addition to Washington, D.C., that have opted to run their own exchanges for the second Open Enrollment Period (OEP), and the only GOP-controlled state to do so. Idaho is receiving $35 million in federal funding to create the exchange, and the state will charge health insurers participating in the exchange an extra 1.5% on premiums to fund its overhead, compared with the 3.5% charge on premiums in the federal exchange. Last year the state enrolled 76,000 residents, and hopes to increase that to 165,000 this year.

Tennessee

Decline in Number of Uninsured Tennesseans
A new University of Tennessee report says that an estimated 472,008 Tennesseans, about 7.2 percent of the state's nearly 6.5 million residents, are without some form of health insurance coverage, the lowest percentage in a decade. This reflects a 25 percent decrease in the number of uninsured from last year, and the report also says 2.4 percent of children in the state are without health insurance, down from last year's 3.7 percent. The uninsured rate for adults fell from 11.4 percent to 8.7 percent.
The reduced numbers coincide with the startup a year ago of the Health Insurance Marketplace, or exchanges, under the Affordable Care Act (ACA), the UT study says. The ACA also has prompted increased enrollment in the state's Medicaid program, TennCare, which has experienced the third highest new enrollment in its 20-year history, even though the state has not participated in the ACA Medicaid expansion opportunities.

The findings are in "The Impact of TennCare: A Survey of Recipients 2014," by UT's Center for Business and Economic Research and authored by research associate Angela Thacker and Associate Professor LeAnn Luna. The researchers also found that 93 percent of TennCare recipients said they are satisfied with the program. Researchers found that the major reasons why people continue to report being uninsured is their perception that they cannot afford insurance and/or they do not need it.

**Tennessee Revenue**
Tennessee revenue collections for October were more than collections for the same month last year and exceeded the budgeted estimate. Finance and Administration Commissioner Larry Martin has reported that collections for October were $874.1 million, which is 5.69% more than October 2013, and $15.3 million more than the budgeted estimate.

On an accrual basis, October is the third month in the 2014-2015 fiscal year. General fund collections for October were $10.2 million more than the budgeted estimate, and the four other funds that share in state tax collections were $5.1 million above the estimate.

Sales tax collections were $17.5 million above the estimate for October. The October growth rate was 7.27%. The year-to-date growth rate was positive 6.44%.

Year-to-date collections for three months were $101.6 million more than the budgeted estimate. The general fund was over collected by $91.0 million and the four other funds were over collected by $10.6 million.

Utah Governor to Unveil Alternative Medicaid Expansion Plan Next Month

Utah Governor Gary Herbert (R) said he plans to unveil the details of an alternative Medicaid expansion to state lawmakers on December 4, after reaching a tentative agreement on the proposal with Health and Human Services (HHS).

Last month Governor Herbert announced that the state and HHS had reached an agreement on an alternative Medicaid expansion plan that would use federal funds to enroll 110,000 low-income state residents in private health plans.

On November 13, the Governor said he intends to release the plan details at next month's meeting of the state Legislature's Health Reform Task Force. He added that most of the details have been approved and the state and HHS are set to draw up a written agreement soon.

He noted that while the Republican-controlled state House had previously objected to expanding Medicaid, the newly elected leaders of the chamber appear to be more open to expansion. Governor Herbert added that he still opposes the Affordable Care Act (ACA), describing his efforts to expand Medicaid under the law as taking "lemons and mak[ing] the best lemonade I can out of them."