Leader of AHIP Resigns
Karen Ignagni, CEO of the American Health Insurance Plans (AHIP), announced her resignation this week.

Dan Durham has been named as interim CEO, making way for Ms. Ignagni’s departure sometime in June. Ms. Ignagni will become President and CEO of EmblemHealth, beginning September 1.

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FEDERAL

House Ways and Means to Mark-up Self-Referral Bill - HR 2513

The House Ways and Means Committee is expected to consider legislation as early as June 2, that would drastically weaken the current ban on Self-Referral to physician-owned hospitals. The bill, "Promoting Access, Competition, and Equity Act of 2015" (the PACE Act), would expand physician self-referral by allowing new physician-owned hospitals "to proliferate," and enable existing ones to expand, according to a letter from the American Hospital Association, the Federation of American Hospitals and other hospital groups to Representatives Paul Ryan (R-WI) and Sander Levin (D-MI), Chairman and Ranking Members of the Ways and Means Committee.
"By steering their most profitable cases to facilities that they own, physician-owners inflate health care costs and drain essential resources from community hospitals, which depend on a balance of services and patients to provide indispensable treatment, such as behavioral health and trauma care," the letter observes.

The letter also points out that H.R. 2513 raises safety concerns because when medical emergencies arise, many physician-owned hospitals often rely upon 911 to transport their patients to full-service community hospitals, as described in a report published by HHS's Office of Inspector General.

Also, the bill "would result in additional gaming of the Medicare program" and "potentially harm sicker and lower-income patients and damage the safety-net provided by full-service hospitals," according to the letter.

Congress, Health and Human Services, the Government Accountability Office and the Medicare Payment Advisory Commission have studied these arrangements for 15 years. Congress, since the bipartisan Medicare Modernization Act of 2003, "has supported ending these egregious and costly arrangements," it adds. For more on this issue go to: FAH Self-Referral

Medicare Sequester Offset Used in Trade Legislation That Clears Senate

The Senate voted 62-37 to approve trade legislation (H.R.1314) that would impose additional sequestration cuts on Medicare. To pay for the cost of extending the Trade Adjustment Assistance (TAA) program, the legislation includes language that would extend the Medicare sequester to the last six months of 2024, increasing the amount cut by $700 million, according to Congressional Budget Office estimates. The health care industry has urged lawmakers to strike the provision, citing billions of dollars in cuts to the Medicare program in recent years. Most alarming is the use of Medicare cuts to pay for non-Medicare related legislation. HR 1314 now goes the House where it is expected to be considered in June.
Supreme Court Reverses Expanded FCA Reach

The Supreme Court has reversed a 4th Circuit Court of Appeals decision that greatly expanded the reach of the False Claims Act (FCA) by applying the Wartime Suspension of Limitations Act (WSLA) to a civil FCA action. "The text, structure and history of the WSLA show that the Act applies only to criminal offenses," wrote Justice Samuel Alito, delivering the opinion for a unanimous court. The court affirmed the part of the 4th Circuit's decision holding that the FCA's first-to-file rule keeps new claims out of court only while related claims are still alive, not in perpetuity, and remanded the case to the lower court for further proceedings consistent with SCOTUS' opinion. The WSLA is a criminal code provision enacted in 1942 to extend the time for government prosecutors to bring charges related to criminal fraud offenses against the U.S. during times of war. In a friend-of-the-court brief last year, the AHA, American Medical Association, U.S. Chamber of Commerce and others urged the court to reverse the 4th Circuit decision, which they said "would only empower unaccountable private relators, as well as the Government, to seek to revive decades-old stale civil claims that are otherwise barred by the statute of limitations and repose."

STATE

Florida

Compromise Plan Proposed from the State Senate

A new plan that would use funds from the Affordable Care Act (ACA) to allow low-income residents to purchase private coverage through a state-run exchange was proposed by lawmakers in the Senate. Under the proposal, approximately 800,000 state residents could be eligible for the vouchers; however, the funds would only be available to individuals who are:

- Actively seeking work and registered with CareerSource Florida, the state's employment portal
- Employed
- Volunteering

Exceptions are provided in the proposal for those who are disabled or are care-givers.
Further, the proposal would allow individuals who currently are enrolled in plans purchased through the ACA's federal exchange to continue their coverage instead of being moved into a Medicaid plan. The Senate's original plan did not include such a provision and was criticized by state House members for the omission.

If the state Legislature approves the plan, the proposal would then be subject to federal approval. The coverage expansions would not take effect until January 2016. To date, the federal government has not approved a Medicaid expansion plan that required residents to either actively be seeking work or be employed.

Florida lawmakers come together next week for a three week special session to pass a state budget, LIP funding, 72-hour recovery care centers, CON deregulation, and revisit Medicaid expansion.

Nevada

Bill to Constrain Ballot Initiatives Dies
On May 26, a bill sponsored by the Senate Legislative Operations Committee died in the Parallel Committee in the Assembly. Senate Bill 434 would have re-written the procedures for initiative petitions to make it even harder than it currently is for citizens to initiate a Ballot Question.

The bill, which passed the Senate (12-9) last week with bi-partisan opposition, continued to draw opposition from both the left and the right in the Assembly and then died in committee.

Oklahoma

Legislature Adjourns After Approving State Budget
The First Session of the 55th Oklahoma Legislature adjourned sine die on Friday, May 22, after passing a budget that received much criticism. HB 2242 appropriates $7,138,920,521 to the agencies of the legislative, judicial and executive branches of state government. This is $74.3 million or 1.03 percent less than FY 2015's appropriated budget.

The bill initially met opposition in the House and was stalled by a tie vote of 47-47, which was four votes less than the 51 needed for passage.
Rural Republicans joined with Democrats to block the bill's passage for more than an hour when Republican leaders found the four votes needed for passage. HB 2242 finally passed 54-42. House Republicans initially refusing to support the bill's passage were objecting to the $50 million taken from the county roads and bridges fund to help offset a $611 million shortfall in general revenue for FY 2016 beginning July 1, 2015.

HB 2242 reduces most state agencies' FY '16 appropriations by 0.75 percent to 7.25 percent while some agencies are held flat and others received small increases. Ultimately, the Legislature balanced the budget by taking more than $500 million from various sources, including the Rainy Day Fund.

The Oklahoma Health Care Authority (OHCA) was allocated $18 million in the hope of avoiding an across-the-board provider rate cut, but the agency actually needed an increase of around $60 million to avoid payment cuts to providers.

In order to balance the agency's budget and circumvent across the board reductions, OHCA CEO Nico Gomez has proposed a number of targeted cuts which will now go through a public review process. A summary of the budget cuts is on OHCA's proposed policy changes webpage. Written comments are due June 7.