NOTEWORTHY

Former HCA CEO and Health Care Entrepreneur Dies

R. Clayton McWhorter, 82, known for his passion for helping people, passed away on January 24. He was known throughout the health care industry as an astute businessman, philanthropist, and a pioneer in health care. He joined HCA in 1970 and served as CEO from 1985-87. In 1996 he formed Health Trust, Inc. where he served as CEO until the merger with Columbia/HCA in 1995. Mr. McWhorter went on to launch Clayton Associates, a venture capital startup company, to

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States Report on Medicaid/CHIP Eligibility, Enrollment Policies

The latest annual survey by the Kaiser Commission on Medicaid and the Uninsured and Georgetown University's Center for Children and Families finds that many states have improved their Medicaid enrollment and renewal processes and coordination with Health Insurance Marketplaces,
help others bring their dreams to life.

Mr. McWhorter was among the inaugural inductees of the Tennessee Health Care Hall of Fame in 2015, and he received the Lifetime Achievement Award from the Federation of American Health Systems.

Democratic Caucus Retreat and Weather Delay Votes
The snow storm recovery effort and the Democratic Caucus retreat this week has delayed votes as the nation's capital wrestles with its schedule and attempts to postpone as few committee activities as possible. One Committee vote that was postponed was the override vote on HR 3762, the reconciliation bill seeking to repeal portions of the Affordable Care Act (ACA); however, the veto override effort lacks the necessary two-thirds majority votes in both chambers.

Lawmakers in Wyoming Say No to Governor's Proposal
Lawmakers have again rejected Republican Governor Matt Mead's proposal to expand the state's Medicaid program, and three states have expanded Medicaid eligibility in 2015.

As of January, 47 states are up to date processing Medicaid renewals and 34 states can process automated renewals using information from electronic data sources. Nearly all of the 38 states that rely on the federally-facilitated Marketplace can send and receive electronic data transfers between the state Medicaid agency and Marketplace, although 20 states are still reporting some problems or delays with the transfers. The survey also provides 2016 eligibility levels in all 50 states and the District of Columbia for children, pregnant women, and non-disabled adults in Medicaid and the Children's Health Insurance Program. Eligibility levels vary significantly across groups and by state and Medicaid expansion status.

CMS: Final Medicaid Outpatient Covered Drugs Rule Addresses Rising Drug Costs

On January 21, the Centers for Medicare and Medicaid Services (CMS) released, its final rule on the Medicaid covered outpatient drug rebate program. CMS says this reimbursement system that includes Medicaid programs and pharmacies is much fairer for all. In addition, the agency estimates the rule will save federal and state governments $2.7 billion over five years and improve beneficiaries' access to the drugs they need.

The agency says the rule, which implements Affordable Care Act (ACA) changes to Medicaid rebates, the Average Manufacturer Price and Federal Upper Limits (FUL), is an important step in the government's work to address the rise in drug costs and ensures Medicaid rebates accurately take market prices into consideration and maximize taxpayer savings. The rule closes loopholes, gives pharmacies incentives to use generics by making sure they are properly reimbursed, and gives territories more tools to manage Medicaid drug costs, according to the agency.

The ACA also increased the rebate percentages for certain Medicaid drugs and required CMS to recalculate the FUL amounts, as they sometimes exceeded the market prices for multiple-source drugs.
which would have extended health coverage to nearly 20,000 low-income adults.

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Cigna Suspension

The Centers for Medicare and Medicaid Services (CMS) has prohibited Cigna from enrolling new consumers in its Medicare Advantage plans, citing a "longstanding history" of the insurer's noncompliance with federal requirements for the plans. CMS said in a letter sent to Cigna last week that, "The nature of Cigna's noncompliance provides sufficient basis for CMS to find the presence of a serious threat to enrollees' health and safety, supporting the immediate suspension of Cigna's enrollment and marketing activities." In a regulatory filing late last week, Cigna said it is working with federal officials to resolve the noncompliance issues and noted that the suspension does not affect its current MA beneficiaries.

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CBO Updates Medicare, Medicaid Projections

According to updated budget and economic projections by the Congressional Budget Office (CBO), Medicare spending per beneficiary is projected to increase at an average annual rate of 1.6% between 2016 and 2026. These projections are down from average annual growth of 4% between 1985 and 2007. While costs per beneficiary are rising more slowly than in the past, the CBO projects Medicare spending will grow an average 6% per year over the next ten years as growing numbers of baby boomers turn 65. If this growth trend is sustained, the fund will be exhausted in 2026, four years sooner than projected last May.

The CBO's ten year projections of spending for Medicaid are 4% higher than the agency estimated last August. Projections indicate that by 2025, 14.5 million people who will be eligible for Medicaid as a result of the Affordable Care Act will enroll in the program, up from its 11.5 million estimate in August.

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Aetna-Humana Merger Would Further Concentrate Medicare Advantage Markets
According to a new report by the Center for American Progress, (CAP) the Medicare Advantage market is currently highly concentrated and the proposed merger between Aetna and Humana would reduce market competition for Medicare Advantage beneficiaries in the markets they serve. The CAP's analysis further outlines that "the overlap between Aetna and Humana in Medicare Advantage markets adds to other analyses that show that the proposed merger between the two companies would only exacerbate this trend, likely resulting in higher premiums for seniors and higher costs for the Medicare program."

STATE

Florida

Legislative Update
Week three is in progress and a number of key changes have taken place.

Recovery Care Centers
Senate bill 212, addressing the Recovery Care Centers was amended to allow 24 hour stays at Ambulatory Surgery Centers, (ASCs) instead of the original 72 hours. Under the amended bill, ASC's must take Medicare, Medicaid and charity care patients.

The House bill, HB 85, passed its second committee of reference and now goes to the House floor.

Certificate of Need
The House bill, HB 437, CON deregulation bill that exempts review requirements for hospitals and hospital based services, including tertiary care services like comprehensive medical rehabilitation, has passed out of the Health and Human Services Committee. The next stop for this bill is the full House.

The Senate version, SB 1144, provides a CON exemption if a facility or service meets a charity care threshold amounting to the applicable Agency for Health Care Administration (AHCA) district charity care average. Failure to meet the threshold results in a penalty of twice the shortfall between
the valued services and the average charity care amount in the district.

**Missouri**

**State of the State**
On January 20, Governor Jay Nixon delivered his eighth and final State of the State Address to the General Assembly. In his speech, he called on legislators to expand Medicaid, pass tough ethics and campaign finance reforms, enact the Missouri Nondiscrimination Act, adopt a prescription drug monitoring program, and pass a gas tax increase to fund road Repairs.

Governor Nixon also highlighted a couple of items from his budget plan including: an increase in the Foundation Formula for funding public schools by $85 million; an additional $55 million to higher education, which would allow them to continue to freeze tuition increases; and an increase of nearly $200 million for developmental disabilities and mental illness.

**Tennessee**

**Governor Announces Agenda**
Governor Bill Haslam has announced his legislative agenda for the 2016 session, with an emphasis on higher education (Drive to 55 program), public safety, and efficient and effective state government. A total of 42 bills have been filed on behalf of the administration. The filing deadline for the state House has passed and no further legislation can be submitted through them at this point in time.