NOTEWORTHY

Fall Recess
U.S. House and Senate are on recess for the month of October and will return following the November 8 elections. The House will return on November 14, and the Senate will return on November 15.

CMS Approves Arizona Medicaid Demonstration Waiver
The Centers for Medicare & Medicaid Services (CMS) has approved a waiver to revise and extend Arizona's Medicaid demonstration program for five years, which began October 1. Among other reforms, adults with incomes over 100% of the Federal Poverty Level will pay a monthly premium of 2% of household income or $25, whichever is less, which will go into an account they can use to pay for non-covered services. Participants can defer premium payments for six months if they meet certain targets for preventive health or managing chronic illnesses, and will be automatically enrolled in job-seeking programs.

Judge Splits Anthem-Cigna Merger Trial to Expedite Decision
The federal judge overseeing the U.S. Justice Department's antitrust challenge to Anthem and Cigna's $53 billion merger will split the trial in two, in an effort to expedite her decision.

U.S. District Judge Amy Berman Jackson told the government and insurers that she will hear testimony about the massive merger’s impact on national markets in late November.

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FEDERAL

President Signs Government Spending Bill into Law
On September 29, President Obama signed legislation, HR 5325, 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.
before turning her attention to the DOJ's concerns about local markets in December. By splitting the trial, Judge Jackson could hand DOJ a quick win if they show adequate harm during the first two weeks of testimony. Opening arguments are set for November 21, with national market testimony wrapping up by December 2. The trial will take a one-week hiatus before returning to discuss local market issues, according to the Judge's order.

NYC Health + Hospitals Build Residences for Mental Health Patients
NYC Health + Hospitals is creating a housing development for low-income patients at one of its campuses in Brooklyn. The health system leased the land to a third-party company that will develop 89 studio apartments for low-income residents, and 54 of the units will be set aside for patients with mental health issues. CEO Ram Raju said, "It's about trying to meet the needs of people where they live. In the past, I was naïve in thinking that, if you want to offer health care to a particular community, you just go and start a clinic there and people will come. That's not true." The project is expected to be done by 2018. At the heart of this partnership is a mutual desire to tackle the increasing number of homeless patients stuck in the cycle of readmission to the emergency department, many of whom are living with mental illness.

Woodhull Medical Center specializes in mental health and its department of psychiatry will refer patients who have been deemed ready to live independently to its Comunlife housing. The building will provide social services to residents, including care coordination and vocational rehab, to help tenants develop skills for the working world. To find out more click here.

Supreme Court Starts New Term
The Supreme Court opens a new term this week, still ideologically split as the late Justice Antonin Scalia's seat remains empty. Experts say it appears the court tried to avoid taking up cases

New Study Finds After Seven Days Most Readmissions May Be Beyond Hospitals' Control
According to a recent study reported in Health Affairs, hospital-level variation in readmissions for Medicare heart attack, heart failure, and pneumonia patients rapidly declines in the first seven days after discharge. This suggests that most readmissions after seven days may be explained by community or household factors outside the hospitals’ control. The study examined the risk of unplanned readmission for the three conditions in Medicare patients aged 65 and older in four states. While public reporting and payment programs have "embraced 30-day readmissions as an indicator in the quality of care," the authors conclude that "shorter intervals of seven or fewer days might improve the accuracy and equity of readmissions as a measure of hospital quality for public accountability."

CMS Issues Corrections to FY 2017 Inpatient/LTCH Final Rule
The Centers for Medicare & Medicaid Services (CMS) issued a correction notice to the fiscal year 2017 Inpatient and Long-Term Care Hospital (LTCH) Prospective Payment System (IPPS) Final Rule, which corrects errors and inadvertent omissions of several diagnosis and procedure codes related to the FY 2017 Medicare Severity-Diagnosis Related Group (MSDRG) and MS-Long-Term Care-DRG updates. For the Inpatient-PPS, the corrections slightly decrease operating and capital rates; reduce almost all wage indexes; slightly lower uncompensated care adjustments (factor 3) for most hospitals receiving Disproportionate Share Hospital (DSH) payments; and increase the outlier fixed-loss threshold from $23,570 to $23,573.

ACA Did Not Follow the Law According to the GAO
The Government Accountability Office (GAO) released a report in which the findings state that the Obama administration did not follow the law according to the Affordable Care Act (ACA) by directing funds from the law's reinsurance program to insurers rather than the Department of Treasury (DOT). The Department of Health and Human Services (HHS) disputed GAO's claims, saying that because of a funding shortfall, it implemented regulations that allowed the department to prioritize insurers' payments over those the ACA requires for DOT.

The reinsurance program was designed to collect $10 billion in 2014, its first year of existence, and another $2 billion that would be deposited into the Treasury. However, the program failed to bring in nearly enough money to cover those amounts, so the Administration, through regulations in 2014, prioritized giving money to insurers. None of the money was given to Treasury for the first year, and this is what the nonpartisan government watchdog group, the GAO, found unlawful.

Leadership Says Cures Bill will be Next Up
that they knew would result in a tie, but the docket is still far from boring. It is clear that the next President of the United States will nominate the next Justice of the Supreme Court. It could be Judge Merrick Garland, nominated in March by President Obama, or our newly elected President in November can appoint someone closer to his/her party thinking. In fact, the next President could appoint as many as three more justices, with Justices Ruth Bader Ginsburg, 83, and Anthony Kennedy, 80.

DON'T FORGET TO: VOTE!

November 8, 2016

Senate Majority Leader Mitch McConnell (R-KY) and House Speaker Paul Ryan (R-WI) said Thursday, September 29, they want to complete work on the 21st Century Cures Act in the lame-duck session. Leaders of the Senate Health and House Energy & Commerce Committees released statements last week saying they are both working toward an agreement.

CMS to Reopen Hospital Appeals Settlement Process

CMS announced that it will reopen the Hospital Appeals Settlement process regarding inpatient status claims, but the agency did not give any more specific details only saying that more information will be "released in the near future."

CMS offered an administrative agreement, in August 2014, to any hospital willing to withdraw its pending appeals on inpatient status in exchange for timely discounted payment (68 percent of the net allowable amount). The previous deadline for hospitals to request participation in the settlement project was October 31, 2014.

In August 2016, CMS reached a nearly $1.5 billion settlement with hospitals over disputed claims for Medicare beneficiaries treated on or before October 1, 2013, and released a list of the participating providers, including the provider's name, location, the number of eligible claims settled and the total amount paid. In total, 2,022 hospitals settled approximately 346,000 claims, reportedly leaving about 600,000 appeals stuck in the third level of appeal.

STATE

California

Governor Vetoes Tobacco Bill

Governor Jerry Brown (D) has vetoed a bill that would have banned tobacco use on all 136 public California State University campuses. Governor Brown said schools "are fully capable of setting smoking policies on their campuses."

California voters will have an opportunity to weigh in on another attempt to raise taxes on cigarettes and other tobacco products at the ballot box this November. Proposition 56 would raise the per-pack tax on cigarettes by $2, and raise taxes on other tobacco products as well.

In addition, the Governor has not taken action on a bill that would ban tobacco and electronic cigarette usage at state parks and beaches in an effort to protect the environment from cigarette butts and prevent wildfires.

Indiana

Indiana Hospital Association Announces Next President

The Indiana Hospital Association (IHA) has named as its next President, Brian Tabor, who currently serves as the Association’s Executive Vice President. Tabor will succeed Doug Leonard when he retires next June after
serving as president since 2007. "Brian has been a tireless advocate for hospitals, patients, and improving health care for Indiana communities," said Bryan Mills, IHA Board Chairman and President and CEO of Community Health Network. Tabor joined the Association in 2008 as Vice President of Government Relations.

Tennessee

**Commissioner of Mental Health Announcing his Retirement**
Governor Bill Haslam has announced that Department of Mental Health and Substance Abuse Services Commissioner Doug Varney will retire next month. In his statement, the Governor said Varney has served as Commissioner since 2011, and under his leadership, the Department completed a major transformation in the mental health system in east Tennessee, better serving long-term patients by transitioning them into community-based programs. The Department has also improved medical and business operations of state hospitals, and made significant progress addressing the prescription drug epidemic.

Commissioner Varney has also been instrumental in leading efforts to triple federal discretionary grant funding to help veterans, increasing suicide prevention efforts and strengthening adult and children crisis services, and establishing mental health and substance abuse best practice guidelines. Varney's last day as Commissioner will be October 21.

Virginia

**New Workers Compensation Fee Schedule in Development**
As a result of HB378, passed in the 2016 General Assembly Session that authorized the creation of a Virginia-based provider fee schedule for workers compensation claims in the absence of a provider contract with an insurance carrier, providers are currently voluntarily submitting 2014 and 2015 reimbursement data that will be used to calculate the fee schedules that are being developed by the state's selected actuarial company. Assuming the necessary data is collected in the expected timeframe, draft fee schedules should be available for review in early 2017. The new fee schedule will launch in January 2018.

INTERNATIONAL

**HCA-UK**

**Health Secretary Announces Increase in Number of Doctor Training Places in UK**

Jeremy Hunt used his speech at the Conservative Party autumn conference to announce up to 1,500 more places each year for trainee doctors in the UK in order to ease the dependence on overseas doctors. Meanwhile, the UK's General Medical Council has hinted that it will introduce tougher technical tests for doctors coming to the UK from the EU post-Brexit.

In addition, the Mayor of London, Sadiq Khan has requested that the
Chancellor, Philip Hammond, consider greater devolution of powers for London, particularly around migration, in order to maintain London's attraction to highly skilled migrants.