NOTEWORTHY

HAPPY INDEPENDENCE DAY!

**The Weekly Political Update report will not be published the week of June 24 or July 3. We will resume publishing the week of July 10. Should there be a major development on the healthcare front, we will get that information to you.**

HAPPY 4TH OF JULY !!!!!

Teen Tobacco Use Declines

According to the Centers for Disease Control and Prevention (CDC), the number of teens who reported using tobacco products continued to fall in 2016, with significant declines among young e-cigarette users. The report was published on MedPage, but was conducted by researchers from the CDC and FDA to determine current tobacco use among U.S. middle school and high school students. Overall, the report found students in the target group who identified as current tobacco product users in 2016 dropped significantly, falling from 4.7 million in 2015 to 3.9 million in 2016, with the biggest decline in e-cigarette users.

Results of Run-Off Race in GA

Called one of the most expensive House races ever, Republican Karen Handel won the special congressional election in Georgia on June 20, fending off a challenge from Democrat Jon Ossoff in the heavily Republican House

FEDERAL

- **Details Emerging on Senate Health Care Plan - Better Care Reconciliation Act of 2017**
- **Trump Administration to Pay CSRs in June**
- **Chair of HELP Joins Ways & Means Chair on CSRs**
- **New Study Says Medicaid Spending Could Drop $1 trillion Under AHCA**
- **Supreme Court to Take Up Gerrymandering Case**
- **Opioid Crisis Prompts Investigation**
- **Tort Reform - HR 1215**
- **CDC Says Zika Carrying Mosquitoes are Spreading**
- **New MACRA Released by CMS Helps Docs but not Hospitals**

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FEDERAL

Details Emerging on Senate Health Care Plan - Better Care Reconciliation Act of 2017

Several news outlets are reporting that GOP Senators are now being given a few of the details on the proposed health care reform bill. Below is what may be contained in the Senate Health care bill:

- Medicaid. Reports indicate that the overall Medicaid structure from House-passed American Health Care Act (AHCA) will
What the AHCA Could Mean for Jobs
The House-approved American Health Care Act (AHCA) could eliminate nearly one million jobs over the next decade, and three-quarters of those jobs would be in the health care industry, according to a report by the Commonwealth Fund released last week. According to the researchers, states that expanded Medicaid under the Affordable Care Act (ACA) would see bigger and faster economic declines than states that did not expand the program, though non-expansion states would experience losses as well.

remain in the Senate bill, including the per-capita cap tied to either the Consumer Price Index (CPI) or Medical CPI growth rate per year (a significant hospital concern, as both are far below actual growth in medical costs that hospitals experience, cutting hospital payments exponentially over time). Indications are that the Senate bill also will phase out the ACA’s Medicaid expansion, but over a potentially longer timeframe, which could be as short as three years or as long as seven years. This transition would be in the federal-state match, which today is 95% federal, with 5% state responsibility for the cost of the expanded Medicaid population. Under current law, this reduces to 90% in 2020 and beyond.

- Tax Credits. The AHCA’s tax credits for the purchase of insurance may be changed to a more income-based model, making them more like the existing ACA subsidies, but the income eligibility levels would be lower compared with current ACA law.

- Pre-existing Conditions. Reports indicate that the AHCA’s waivers that would have brought back medical underwriting for some individuals will be struck from the Senate bill, maintaining the ACA’s protections for individuals with pre-existing conditions.

- Essential Health Benefits (EHBs). Reports also indicate the Senate bill will retain the AHCA’s language allowing states to waive the federal EHB standards.

- Other Major Changes. It appears the following provisions from the House-passed AHCA will be retained in the Senate bill:
  - Individual Mandate - Repeal of penalties on individuals who do not have insurance.
  - Employer Mandate - Repeal of the penalties on employers for failure to offer affordable insurance.
  - Repeal of cuts to hospital payments under the Medicaid Disproportionate Share Hospital program.
  - Retention of cuts to Medicare providers, including hospitals, that were made in the ACA.

One news source is reporting that the bill may contain two years of funding for Cost Sharing Reduction (CSR) payments in an attempt to stabilize the insurance market; however, the provision could be struck under Senate rules.

Senate Republicans meet on June 22, and have been told they will see a draft in legislative text and receive a briefing on the bill. The Senate Parliamentarian is required to see that Democrats have sufficient time to review the final bill.

Leadership has said that they intend to schedule a vote on the final legislation before Congress adjourns for the Fourth of July recess. Senate rules require a series of key votes, the first of which is a vote on a motion to proceed with the bill, and that could come as early as June 28. Under Senate reconciliation rules, that motion will only need 51 votes to pass. Reconciliation limits Senate floor debate to 20 hours, and only germane amendments with budgetary impact are allowed.

This sets up a potential final vote on June 29 or 30 - next week. It is believed that, if the bill passes the Senate, a vote in the House on the Senate bill could quickly follow.
Senators Rand Paul (R-TX), Ted Cruz (R-TX), Ron Johnson (R-WI), and Mike Lee (R-UT), issued this joint statement on June 22, responding to the release of the Better Care Reconciliation Act of 2017, the Senate’s version of the ACA’s repeal and replace bill:

"Currently, for a variety of reasons, we are not ready to vote for this bill, but we are open to negotiation and obtaining more information before it is brought to the floor. There are provisions in this draft that represent an improvement to our current health care system, but it does not appear this draft as written will accomplish the most important promise that we made to Americans: to repeal Obamacare and lower their health care costs."

**Trump Administration to Pay CSRs in June**

The Trump administration is making the Affordable Care Act (ACA) cost-sharing reduction payments for June, but there is no commitment to continue funding the program beyond this month, according to an administration source familiar with the decision. The move comes as insurers face a deadline of June 21 to file 2018 exchange plans on Healthcare.gov. However, insurers can still pull plans as late as September.

The cost-sharing subsidies are estimated to be worth $7 billion this year. Insurers rely on them to reduce the out-of-pocket costs for customers with incomes below 250 percent of the poverty threshold. Insurers would still have to pay to subsidize those enrollees even if the federal payments stop. That is causing some plans to consider leaving the markets or raise rates higher than they would otherwise.

House Republicans sued to block funding for the program last year, arguing that it was an illegal appropriation. They prevailed at the lower court level, but the case was appealed by the Obama administration.

The Trump administration and House Republicans have until August to let the appeals court know how they plan to proceed with the case. President Trump has threatened to pull the payments, suggesting they could be used as leverage to entice Democrats to negotiate over the ACA repeal.

**Chair of HELP Joins Ways & Means Chair on CSRs**

On June 15, Senator Lamar Alexander (R-TN), Chair of the Health Energy Labor and Pension (HELP) Committee became the second congressional GOP chair to recommend that the administration fund Cost-Sharing Reduction (CSR) payments, at least through 2018, and he said it would be preferable for the subsidies to run through 2019.

On June 8, Representative Kevin Brady (R-TX), Chairman of the House Ways and Means Committee, said during a hearing that they need to be immediate action to stabilize shaky health insurance markets around the country. Chairman Brady also said that the government should keep paying billions of dollars in CSRs, which help low-income people with deductibles and copayments.

**New Study Says Medicaid Spending Could Drop $1 trillion Under AHCA**
A recent study released by the Urban Institute, a Washington, D.C. based think tank, estimates that Medicaid spending could drop by more than a trillion dollars if the House-passed American Health Care Act (AHCA) is fully implemented.

Researchers say that federal Medicaid spending could decline by $940 billion over the next ten years, and state spending would go down another $78 billion. The report looked at three scenarios of what states might do in response to Congress' Medicaid spending reductions:

- Increase their Medicaid spending and offset federal funding cuts
- Drop Medicaid expansion but increase spending to offset cuts for other eligibility categories
- Make enrollment cuts across the board

If states make across the board enrollment cuts, the study estimates that nearly 15 million Medicaid enrollees would lose coverage in 2022.

For more details click here.

Supreme Court to Take Up Gerrymandering Case

On June 19, the Supreme Court announced that it will take up the most important gerrymandering case in more than a decade. The case involves district lines in Wisconsin that challengers say were drawn unconstitutionally to benefit Republicans. The case could have a major impact on how district lines are drawn up nationwide. The court has said that too much partisanship in map drawing is illegal, but it has never said how much is too much.

For details click here.

Opioid Crisis Prompts Investigation

A bipartisan group of state Attorneys General announced a joint investigation into the marketing and sales practices of opioid drug makers. District of Columbia Attorney General Karl Racine (D), who is participating in the investigation, said that they are looking into "what role, if any, marketing and related practices" have played in the increase in prescriptions and use of addictive drugs.

Tort Reform - HR 1215

House Republicans postponed a floor vote on medical malpractice legislation last week, and according to Freedom Caucus Chair Mark Meadows (R-NC), there was a concern that the bill was imposing federal standards on states. A measure had already been added to the bill stating that it does not preempt state laws that allow larger awards than the legislation's $250,000 cap on noneconomic damages in medical malpractice suits. It is not clear what else could be added to the bill to placate Republicans who do not think the federal government should dictate tort restrictions to states.

While tort reform was one of the issues House Republicans wanted to address in the American Health Care Act (AHCA), due to budget rules they were forced to deal with it separately. The President's 2018 budget request also calls for medical malpractice reform. The House pulled HR 1215 from the list of bills that were voted on June 15.
CDC Says Zika Carrying Mosquitoes are Spreading

In a new report from the Centers for Disease Control and Prevention (CDC), researchers say two types of mosquitoes that carry Zika and other viruses, are spreading across the Southern U.S..

In addition, researcher say that during the course of 2016, the number of counties with the presence of the Aedes aegypti mosquito jumped 21 percent and those with a presence of the Aedes albopictus mosquito grew by 10 percent.

To fight the spread of Zika, CDC recommends stepping up mosquito surveillance in a wide swath of the country, including: California, Arizona, New Mexico, Missouri, Georgia, Texas, Florida, and the other Gulf Coast states, as well as northern mid-Atlantic states, and the Midwest.

New MACRA Released by CMS Helps Docs but not Hospitals

Although the Centers for Medicare and Medicaid Services (CMS) has proposed giving physicians a yearlong reprieve before having to upgrade their certified electronic health record system, hospitals may still be on the hook.

The agency announced a proposal to ease some requirements for physicians under the Medicare Access and CHIP Reauthorization Act, including allowing them to continue using the 2014 certified version of their EHR. The proposal only applies to physicians. Under meaningful use requirements, hospitals must have a 2015 certified product in place by the end of 2017 in order to submit reporting data by March 31, 2018. Failure to do so would result in Medicare penalties.

But there's a catch: Vendors are not ready, which means hospitals will be under a time crunch to deploy a system once it comes to market and is certified by the Office of the National Coordinator for Health Information Technology. As of June 20, there are 74 products that are certified under the 2015 Edition Health IT Certification Criteria, according to the ONC's Certified Health IT Product List. However, said Steve Posnack, Director of the ONC's Office of Standards and Technology, some of the products certified are among the most popular and are therefore used by many providers.

According to experts, the shift from meaningful use to the Merit-based Incentive Payment System (MIPS) requires a good bit of time for the EHR developer, as well as the Application Program Interface (API) challenge. Implementing can take months, experts say, and then "you have to exercise it." Of course, that is, if you are working with a certified product. There is hope that CMS will give hospitals more time, as it is proposing to do for physicians.

CMS projected that if the proposed rule is finalized, providers participating in the 2018 reporting year could receive up to $1.4 billion in quality bonus payments under MIPS and Advanced Alternative Payment Models in 2020.
Alaska

Special Session Ends and Another Begins
The special session called by Governor Bill Walker to resolve the budget deficit ended when legislators walked out on the last day, sine die, with no resolution. Lay-off notifications have already begun, and Attorney General Jahna Lindemuth reminded leadership in the House and Senate of the executive branch's preparation for a potential shutdown of state government.

In the face of the legislature not upholding its constitutional duty, the Attorney General said they are evaluating every program and service provided by the state, and that many state services will have to fully shutdown in order for the state to remain in compliance with the constitution. Governor Bill Walker released a statement on the House's sine die adjournment, saying that he was "surprised by the House Majority's actions," and "they did not get the job done for Alaska."

On June 16, Governor Walker called the 30th Legislature into its second Special Session. The proclamation calls for the special session to begin immediately and to consider passage of an Appropriations bill for just the operating budget.

California

Budget Package Goes to Governor
The Legislature approved the $183 billion state budget and accompanying trailer bills June 15. The budget package will now go to the Governor, who is expected to sign it by July 1. Issues addressed in the final budget package include:

Proposition 56 Revenue Allocation. One of the last issues to be resolved during the past month of negotiations was the allocation of Proposition 56 funds within the Medi-Cal program. The agreement reached by the Legislature and the administration appropriates $1.3 billion of Proposition 56 tobacco tax revenue to fund $546 million in supplemental payments to certain providers, including $325 million for physicians and $140 million for dentists; the remaining money will go to other programs. These supplemental provider payments could increase to $800 million in the 2018-19 budget year, depending on the state's fiscal condition and other factors. Originally, the administration proposed allocating $1.3 billion of Proposition 56 revenue for expenditure growth in existing Medi-Cal programs since last year's budget. Both the Senate and Assembly rejected the Governor's proposal, instead proposing to allocate the money to provider rate increases and other Medi-Cal programs.

Graduate Medical Education (GME) Funding. The budget conference committee closed this issue last week, voting to support the administration's January budget proposal. The final budget allocates $50 million in Proposition 56 revenue to the University of California (UC) system for GME, but decreases General Fund monies allocated to the UC system by $50 million - thereby saving the General Fund $50 million.

Song-Brown Program GME Funding. The budget conference committee accepted the Assembly's proposal, which restores the annual allocation of $33.3 million of the General Fund revenue for the next three years, for a total of $100 million. The administration's budget proposed to eliminate the 2016 budget's allocation of $33.3 million in General Fund monies for three years for primary care residency slots and student loan repayments within the Song-Brown Program.
Palliative Care Program. The administration's January budget proposed delaying the implementation of the Palliative Care Program established by SB 1004 (Chapter 574, Statutes of 2014), until next year at the earliest. However, due to opposition to that proposal, the final budget provides funding for the program to begin January 1, 2018.

Coordinated Care Initiative. The final budget continues funding for key components of the Coordinated Care Initiative, including the duals demonstration project, mandatory managed care for duals, and inclusion of long-term services and supports in managed care benefits.

Staffing Ratios in Skilled-Nursing Facilities. The budget includes trailer bill language that would increase the nursing hour per patient day minimum from 3.2 hours to 3.5 hours, beginning July 2018. The proposal also requires that 2.4 hours of the minimum be covered by certified nursing assistants. This proposed language does not apply to hospital-based skilled-nursing facilities.

Louisiana

Special Session Update
The Louisiana Legislature spent the past week in the 2nd Extraordinary Session of 2017 hashing out the state budget, HB 1 by Representative Cameron Henry (R-Metairie), as well as the state capital outlay budget and ancillary budget bills. Interestingly, the legislature was able to agree upon a budget that was substantially similar to the version of the budget adopted by the Senate during the 2017 Regular Legislative Session. This was largely because of the willingness of 10 republicans to split what otherwise would have been a largely party line vote to adopt an amendment by Representative Leger by a 53-50 vote placing the budget in a posture that would be acceptable to the Senate and the Edwards administration. The Senate very quickly considered the budget over June 15 and'16, and adopted the legislation without amendments by a vote of 26-9. This allowed the bill to go directly to Governor John Bel Edwards for his signature immediately after it was passed off the Senate Floor. The legislature adjourned sine die on the evening of June 15. Discussion will now turn to how the legislature will address a roughly $1.3 billion deficit that will result in 2018 when the increases in the state sales tax expire.

Nevada

Medicaid Buy-in Vetoed by Governor
Governor Brian Sandoval (R) vetoed legislation allowing any individual to buy into Medicaid, which would have made Nevada the first state to approve a "public option" long supported by Democrats. On the last day of the veto process, Governor Sandoval, a moderate Republican who embraced the Affordable Care Act (ACA), rejected legislation passed by the Democrat-controlled state Legislature earlier in the month. The Governor, in his veto statement called the health care market "fragile," and there was not enough "factual foundation or adequate understanding of the possible consequences." Governor Sandoval did, however, suggest that it be looked into further, given that Congress is trying to dismantle the ACA.

The Nevada bill, which garnered national attention and modeled to liberal ideals for expanding health coverage, would have created a new plan in the state's Medicaid program called the Nevada Care
Plan. It was the most serious effort to create a statewide public option since Democrats pursued a government-run plan during the drafting of the ACA in 2009 that was ultimately rejected by party moderates.

In Nevada, the new state-run option would have been available starting in 2019 to anyone, regardless of income. Covered benefits would be nearly identical to those given to Medicaid beneficiaries. The state would have needed a federal waiver for the public plan to be sold alongside private insurance on Nevada's ACA exchange and for individuals to receive the law's premium subsidies.

INTERNATIONAL

HCA - UK

State Opening of Parliament and the Queen's Speech
The Queen has formally opened Parliament, which will sit for two years rather than one year due to Brexit. Leading a minority Conservative government, Prime Minister Theresa May has set out her legislative program. Analysis points to a significantly watered down version of the Conservative manifesto with controversial policies such as the Dementia Tax being dropped. Bills that are particularly relevant to HCA include a draft patient safety bill, repeal bill changing EU legislation, and a new immigration regime after Brexit. Members of Parliament (MPs) will vote on June 28 and 29 in the House of Commons on the Queen’s Speech. The Conservatives will need to rely on smaller parties for the Queen’s Speech to pass. Failure to pass will likely result in May’s resignation, and potentially a second General election.

Continued Post-Election Fall Out
The Conservative Party has so far failed to secure a supply and confidence deal with Northern Ireland’s Democratic Unionist Party (DUP), despite talks lasting 11 days. The DUP have highlighted that their votes cannot be taken for granted by the Conservatives. This casts more uncertainty over the ability of the Conservative Minority Government to form a lasting and stable government.

Meanwhile the opposition parties have completed cabinet reshuffles. Jeremy Corbyn’s Labour Team has remained relatively the same, with John Ashworth remaining as Shadow Health Secretary. Former leadership challenger Owen Smith has been brought back to the cabinet signifying Corbyn’s control of the party. Liberal Democrat Leader Tim Farron has resigned, citing inability to reconcile his religious beliefs with being party leader. Norman Lamb has remained as Lib Dem spokesperson, while Dr. Phillipa Whitford remains the Scottish Nationalist Health Spokesperson.

EU Negotiations
Secretary of State for Exiting the European Union, David Davis, has started negotiations in Brussels for Britain to exit the European Union, with Chief Brexit negotiator, Michel Barnier. This is currently being led by the Conservative Party; however, due to the inconclusive General Election a number of prominent MPs have called for a cross-party approach to Brexit.