

SAMHSA's Weekly Financing News Pulse: National Edition

National News

- Policy Experts Concerned over Slow Implementation of Health Exchanges, Anticipate HHS Regulations
- CMS Proposes Medicare Reimbursement Rate Adjustments
- NGA Requests \$4 Billion in Medicaid Credits for Federal Health Financing Error
- Sen. Conrad Proposes Plan to Reduce Deficit by \$4 Trillion over 10 Years, Reduces Health Spending

Studies Released

- KFF Brief Outlines Health Coverage Options for Unemployed Individuals
- NBER Finds Providing Coverage to Uninsured Improves Health Outcomes and Reduces OOP Spending Burden
- Health Affairs Study Finds Hospitals Response to Medicare Reimbursement Shortfalls Depends on Market Competition
- GAO Finds Children Covered under Medicaid and CHIP Have More Difficulty Accessing Specialty Care than Privately Insured Children

Around the Hill: Hearings on Health Financing

To Subscribe to SAMHSA's Weekly Financing News Pulse, please go to the following link and choose "Health Care Financing":

https://service.govdelivery.com/service/multi_subscribe.html?code=USSAMHSA&origin=http://www.samhsa.gov/enetwork/success.aspx

For questions or comments, please contact Rasheda Parks (Rasheda.Parks@samhsa.hhs.gov).

SAMHSA's Financing News Pulse is a news consolidation service, designed to provide readers with streamlined access to information published by local, regional, and national media. While the News Pulse attempts to verify our content, the editors of each publication cited in the summaries are ultimately responsible for the accuracy of the information they publish. We encourage readers to inform the News Pulse of any errors so we can note them in future editions; however, we also suggest that they contact the media source directly.

National News

- **Policy Experts Concerned over Slow Implementation of Health Exchanges, Anticipate HHS Regulations:** Policy experts have expressed concern that states are not moving quickly enough to implement the national health care reform law's health exchanges, and anticipate that soon-to-be-released **U.S. Department of Health and Human Services (HHS)** regulations governing them will expedite that process. To date, governors in 10 states have signed laws establishing health exchanges. Under the law, health exchanges must be operational by 2014; however, in 2013, HHS will review each state's progress to determine whether they have reached the requisite benchmarks to operate their own exchange. HHS will operate exchanges in states that have not achieved adequate progress ([The Hill, 7/6](#); [Kaiser Health News, 7/6](#)).
- **CMS Proposes Medicare Reimbursement Rate Adjustments:** On July 1, the **Centers for Medicare & Medicaid Services (CMS)** released proposed Medicare reimbursement rate adjustments that would provide a 1.5 percent rate increase for outpatient hospital services, paying an estimated \$42 billion to over 4,000 hospitals in 2012. In addition, CMS is proposing a 29.5 percent physician reimbursement rate reduction, which reflects the scheduled adjustment under Medicare's sustainable growth rate (SGR) formula, as required under federal law. However, CMS officials highlighted the need for a permanent change the SGR formula to avoid implementing such a cut. CMS' proposal would also establish a waiver process to exempt certain physician-owned hospitals from provisions in the health reform law that ban their expansion. CMS will accept comments on the proposal until August 30 and plans to release final rules on November 1 ([The Hill, 7/1](#); [Kaiser Health News, 7/5](#)).
- **NGA Requests \$4 Billion in Medicaid Credits for Federal Health Financing Error:** On July 1, the **National Governors Association (NGA)** sent a [letter](#) to **U.S. Department of Health and Human Services (HHS) Secretary Kathleen Sebelius** requesting \$4 billion to correct a federal administrative error that led state Medicaid programs to fund health services that should have been financed through Medicare. The letter notes that, over 30 years, many individuals with disabilities were incorrectly denied Medicare benefits and state Medicaid programs subsequently provided them with \$4 billion in medical care. The states are requesting that the federal government repay them through a Medicaid credit, reducing states' share of Medicaid funding. Federal officials have acknowledged the mistake and retroactively fixed it, but not repaid states for providing the services through Medicaid ([The Hill, 7/5](#); [Kaiser Health News, 7/6](#)).
- **Sen. Conrad Proposes Plan to Reduce Deficit by \$4 Trillion over 10 Years, Reduces Health Spending:** On July 6, **U.S. Senate Budget Committee Chairman Kent Conrad (D-ND)** proposed a spending plan that would reduce the deficit by \$4 trillion over 10 years, including health care spending cuts. The budget would reduce Medicaid spending by \$700 billion and make as yet undetermined reduction in Medicare spending. The proposal will now go before the **U.S. Senate Budget Committee** ([The Hill, 7/6](#); [Kaiser Health News, 7/7](#)).

Studies Released

- **KFF Brief Outlines Health Coverage Options for Unemployed Individuals:** On June 23, the **Kaiser Family Foundation (KFF)** released a [brief](#) examining health coverage challenges facing unemployed individuals and outlining their options for maintaining coverage. The brief notes that 13.9 million individuals were unemployed in May 2011, of whom 6.2 million had been uninsured for at least six months. The authors suggest that individuals' options to maintain health coverage diminish as they

remain unemployed for six months or more, highlighting COBRA, public health coverage, and the individual insurance market as options for unemployed individuals to obtain health coverage. The authors assert that implementation of the national health care reform law will result in a wider range of affordable coverage options for the unemployed ([KFF, 6/23](#); [Kaiser Health News, 7/1](#)).

- **NBER Finds Providing Coverage to Uninsured Improves Health Outcomes and Reduces OOP Spending Burden:** On July 7, the **National Bureau of Economic Research** (NBER) published a [study](#) examining the impact of providing health coverage to uninsured low-income individuals. Focusing on the impact on health service utilization, health outcomes, and financial burden, the study examined the effects of a 2008 Oregon Medicaid expansion that used a lottery system to select 10,000 participants to enroll in Medicaid out of a pool of approximately 90,000 applicants. NBER found that beneficiaries had statistically significantly higher health service utilization and better self reported physical and mental health than the control group, which was comprised of individuals not selected for Medicaid coverage in the lottery. Additionally, the authors found statistically significantly lower out-of-pocket (OOP) medical spending and medical debt among beneficiaries when compared to the control group. The study has implications for the impact of the national health care reform law's Medicaid expansion on uninsured individuals ([The New York Times, 7/7](#); [Kaiser Health News, 7/7](#)).
- **Health Affairs Study Finds Hospitals Response to Medicare Reimbursement Shortfalls Depends on Market Competition:** *Health Affairs* has released a [study](#) finding that hospitals in areas with robust hospital competition tend to address shortfalls between Medicare payments and projected costs primarily by reducing hospital costs. Conversely, the authors found that hospitals in areas where hospital care is concentrated among a limited number of providers respond by raising the prices they charge private insurers, in a practice known as "cost shifting". The authors argue that their findings necessitate a policy discussion about whether increased provider integration will interfere with the national health care reform law's goal of reducing Medicare spending, as increased integration could reduce market competition and, in turn, increase the use of cost shifting ([Kaiser Health News, 7/7](#)).
- **GAO Finds Children Covered under Medicaid and CHIP Have More Difficulty Accessing Specialty Care than Privately Insured Children:** On June 30, the **U.S. Government Accountability Office** (GAO) released a [report](#) examining children's access to health coverage under Medicaid and the Children's Health Insurance Program (CHIP). The GAO studied physicians' willingness to care for children enrolled in the programs and physicians' willingness to accept new children insured through them. The authors also examined the difficulty physicians face in referring children enrolled in Medicaid and CHIP to specialty care. The report found that 83 percent of primary care physicians and 71 percent of specialty physicians serve children enrolled in Medicaid and CHIP. Among physicians participating in the government programs, the authors found that 79 percent are accepting new privately insured children while only 47 percent are accepting children enrolled in Medicaid or CHIP. The report also found that non-participating physicians most commonly cite administrative issues as barriers to participation, including low and delayed reimbursements. The GAO concluded that physicians face significant difficulty in referring Medicaid and CHIP-enrolled children to specialty care, including mental health ([GAO, 6/30](#); [Kaiser Health News, 7/5](#)).

Around the Hill: Hearings on Health Financing

House Energy and Commerce Subcommittee on Health: *Prescription Drug User Fee Act Reauthorization*

July 7, 10:00 a.m. 2123 Rayburn

House Energy and Commerce Subcommittee on Health: *Public Health Bills*

July 11, 2:00 p.m. 2123 Rayburn

House Budget Committee: *Medicare Payment Advisory Board Oversight*

July 12, 10:00 a.m. 210 Cannon

House Budget Committee: *Medicare and Social Security Fiscal Issues*

July 13, 10:00 a.m. 210 Cannon

House Energy and Commerce Subcommittee on Health: *Impact of IPAB on Medicare*

July 13, 9:00 a.m. 2123 Rayburn

House Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies:

Fiscal 2012 Appropriations: Labor, HHS, Education

July 26, Time TBA. 2358-C Rayburn

House Appropriations Committee: *Fiscal 2012 Appropriations: Labor, HHS, Education*

August 2, Time TBA. 2359 Rayburn