

SAMHSA's Weekly Financing News Pulse: National Edition

National News

- Appellate Court Rules Individual Mandate Unconstitutional; HHS Awards 13 States \$185 Million for Health Exchanges
- Federal Officials Propose Rules Governing Health Plan Comparison Documents

Studies Released

- KFF Examines State Proposals to Improve Dual Eligibles' Care Coordination
- HHS OIG Finds Medicare Part D Receives Less Generous Drug Rebates than Medicaid
- NBER Finds Definition of "Affordable" Care Could Affect Prevalence of Employer-Sponsored Health Coverage

Around the Hill: Hearings on Health Financing

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National News

- **Appellate Court Rules Individual Mandate Unconstitutional; HHS Awards 13 States \$185 Million for Health Exchanges:** On August 12, a three judge panel of the **11th U.S. Circuit Court of Appeals** in Atlanta, Georgia [ruled](#) in the multi-state lawsuit challenging the national health care reform law, finding the law's individual insurance mandate unconstitutional. In the original case, **U.S. District Court Judge Roger Vinson** ruled that the law's individual mandate is an unconstitutional exercise of Congressional authority and that the mandate's centrality to health reform should void the entire law. However, the appellate judges disagreed about the mandate's centrality, ruling that the law's other provisions should remain legally operative. The **Obama Administration** will likely appeal the case to the **U.S. Supreme Court**. The **3rd and 6th U.S. Circuit Courts of Appeals** have upheld the law's legality in other challenges of the law. Additionally, appellate courts in the District of Columbia and Virginia are considering similar cases ([The Wall Street Journal, 8/13](#); [Kaiser Health News, 8/13](#); [Kaiser Health News, 8/15](#)). In other health care reform news, on August 12, the **U.S. Department of Health and Human Services** awarded 13 states \$185 million to support health exchange development, as required under the national health care reform law. Available to states that have taken preliminary action to set up exchanges, the grants will fund continued planning efforts for exchange implementation ([The Hill, 8/12](#); [Kaiser Health News, 8/15](#)).
- **Federal Officials Propose Rules Governing Health Plan Comparison Documents:** On August 17, the **U.S. Departments of Health and Human Services (HHS), Labor (DOL), and the Treasury** [proposed rules](#) requiring insurers to standardize health plan summaries to improve inter-plan comparability. Beginning in 2012, the rules will provide insurers with standard forms to summarize plan benefits and coverage. Additionally, insurers will be required to provide consumers with a uniform glossary of terms used to describe health coverage and plan characteristics. Under the rules, insurers must provide the forms to individuals before they purchase coverage and any time they subsequently request them. Federal officials will accept public comment on the rules for 60 days ([HHS, 8/17](#); [Kaiser Health News, 8/18](#)).

Studies Released

- **KFF Examines State Proposals to Improve Dual Eligibles' Care Coordination:** On August 12, the **Kaiser Family Foundation (KFF)** released a [brief](#) examining 15 states' proposals to improve care coordination for dual eligibles. Funded by the **Centers for Medicare & Medicaid Services' (CMS) Center for Medicare & Medicaid Innovation (CMI)** under the national health care reform law, the proposals are part of an effort to reduce dual eligibles' health costs and improve care quality. Federal officials say the proposals are preliminary and will likely change as CMS determines which designs to fund. The brief covers proposals by California, Colorado, Connecticut, Massachusetts, Michigan, Minnesota, New York, North Carolina, Oklahoma, Oregon, South Carolina, Tennessee, Vermont, Washington, Wisconsin ([KFF, 8/12](#)).
- **HHS OIG Finds Medicare Part D Receives Less Generous Drug Rebates than Medicaid:** The **U.S. Department of Health and Human Services (HHS) Office of the Inspector General (OIG)** released a [report](#), finding that the Medicare Prescription Drug Program (Part D) often pays more than Medicaid for the same drugs. Examining the programs' spending on 100 brand-name drugs, the study found that rebates reduced Part D spending by 19 percent in 2009, from \$24 billion to \$19.5 billion. However, the same year, Medicaid rebates reduced drug spending by 45 percent, from \$6.4 billion to \$3.5 billion. In addition, for 68 of the 100 drugs examined, the OIG found that Medicaid received a rebate at least twice

as large as Medicare's. The authors attribute the disparity to the legal status of the drug rebates, noting that Medicaid drug rebates are legally mandated while Part D rebates are not ([Stateline, 8/17](#); [Kaiser Health News, 8/17](#); [New York Times, 8/15](#)).

- **NBER Finds Definition of "Affordable" Care Could Affect Prevalence of Employer-Sponsored Health Coverage:** The **National Bureau of Economic Research** (NBER) has released a [study](#) examining how the definition of "affordability" under the national health care reform law will affect rates of employer-sponsored health coverage. Health reform requires employers with 50 or more employees to offer affordable health coverage or pay a fine for each employee that purchases subsidized coverage through the law's health exchanges. The study projects that applying the affordability standard to family rather than single plans will result in lower employer-sponsored health coverage rates. The authors note that cost sharing arrangements will also impact employer-sponsored health coverage ([Kaiser Health News, 8/12](#)).

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The House and Senate are in recess for the remainder of August but will hold regular pro forma sessions. The Senate will resume legislative business on September 6 and the House will do so on September 7.