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Big Funding for Home Visits

The federal government has awarded \$224 million to states to support visits by nurses and social workers to families with at-risk children. Families that choose to participate in the Maternal, Infant, and Early Childhood Home Visiting Program can receive counseling to improve their parenting skills or to better prepare their children for school, as well as information on child health and development. Research indicates that home visits can improve maternal and child health, reduce the potential for child abuse, and help children reach developmental milestones, according to the Department of Health and Human Services' announcement of the awards. "Home visiting programs play a critical role in the nation's efforts to help children get off to a strong start," HHS Secretary Kathleen Sebelius said in the statement.

Implant Registry Considered

Advisors to the Food and Drug Administration have begun discussing creation of a national registry of women receiving silicone-gel filled breast implants to monitor the long-term safety of the devices, as several Scandinavian countries do. At the summer meeting of the FDA's General and Plastic Surgery Devices Panel, manufacturers Allergan and Mentor said that postapproval studies of their silicone implants have low follow-up rates. In response, Dr. William Maisel, deputy director and chief scientist at the FDA's Center for Devices and Radiological Health, said that better follow-up is important and that a U.S. breast implant registry needs to be considered.

Visitation Right Gets Boost

The HHS has unveiled new guidance for protecting hospital patients' right to choose their own visitors, including same-sex domestic partners. The rule establishing that right was finalized last November, and the guidance — which applies to all patients at hospitals that take Medicare or Medicaid patients — is intended to help hospitals understand and follow the policy. Hospitals now must explain to all patients their right to choose who may visit them during a hospital stay, as well as their right to withdraw such consent to visitation at any time. The guidance also supports enforcement of the right of patients to designate the person of their choice, including a same-sex partner, to make medical decisions on their behalf should they become incapacitated. "It is unacceptable that, in the past, some same-sex

partners were denied the right to visit their loved ones in times of need," HHS Secretary Kathleen Sebelius said in a statement.

Stem Cell Challenge Goes On

The fate of federal funding for stem cell research continues to be in the hands of the courts. Plaintiffs challenging federal funding of human embryonic stem cell research have appealed the July U.S. District Court dismissal of their case. The plaintiffs say that the stem cell policy issued by the National Institutes of Health in 2009 is illegal because federal funding for research involving the destruction of human embryos is banned by the Dickey-Wicker amendment. But the Obama administration has countered that the policy does not fund destruction of embryos but rather supports the research done on stem cells from embryonic stem cell research will continue as the court reviews the case.

Lower Managed Care Cost

Seniors enrolling this fall in Medicare Advantage managed care plans for 2012 will probably see lower premiums for the same benefits, officials at the Centers for Medicare and Medicaid Services announced. They predicted an average premium that is 4% less than this year's, with the decline due in part to greater negotiating authority granted to the CMS under the Affordable Care Act. For example, the CMS can now deny what it sees as unreasonable premium and cost-sharing increases, CMS Deputy Administrator Jonathan Blum said. Nevertheless, he and his colleagues predicted 10% more enrollment in the plans over 2011. The estimate conflicts with a Congressional Budget Office projection that enrollment will decline in response to health-reform changes.

Safety System Pilot Online

The FDA announced a pilot of what it hopes eventually will be a major rapid-response electronic safety-surveillance system. Even this "Mini-Sentinel" pilot run is no small effort, according to the agency. It includes 17 data partners and covers 99 million people, 2.4 billion medical encounters, and the dispensing of 2.9 billion prescriptions. The database should allow researchers to get answers to drug-safety questions within weeks, not months. Initial data on the Mini-Sentinel program was presented at the International Conference on Pharmacoepidemiology and Therapeutic Risk Management in mid-August.

—Mary Ellen Schneider

Debt Plan Targets Medicare Overpayments

BY MARY ELLEN SCHNEIDER

President Obama's plan to bring down the federal deficit includes about \$320 billion in cuts to Medicare, Medicaid, and other federal health programs, and gives more power to the Independent Payment Advisory Board.

In the proposal, which was sent to Congress Sept. 19, the Obama administration calls for a combination of spending cuts and tax changes that it estimates would save about \$4 trillion over the next decade. The plan includes about \$248 billion in Medicare cuts — but the administration said that 90% of the savings would come by reducing "overpayments" to providers and drug companies. The president's plan would not change the eligibility age for receiving Medicare benefits.

"This plan reduces wasteful subsidies and erroneous payments while changing some incentives that often lead to excessive health care costs," President Obama said during a speech in the Rose Garden.

But the president's plan was met with immediate opposition from Republicans in Congress. The top Republican in the Senate, Sen. Mitch McConnell (R-Ky.), said the president was "punting" on entitlement reform and that the proposal would not lead to meaningful deficit reduction.

The proposal includes \$32 billion in payment cuts to skilled nursing facilities, long-term care hospitals, inpatient rehabilitation facilities, and home health care from 2014 through 2021. The administration expects to save another \$4 billion over the next decade by paying skilled nursing facilities and inpatient rehabilitation facilities the same price for postacute care for hip and knee replacement and hip fractures. Currently, payments are higher in inpatient rehabilitation facilities.

The plan would also tie reimbursement for skilled nursing facilities to reductions in hospital readmissions. Under the Affordable Care Act, Medicare will begin penalizing hospitals with high readmission rates. The new deficit reduction proposal would reduce skilled nursing facility payments by up to 3% beginning in 2015 for those facilities with high rates of preventable hospital readmissions. The administration estimates that the policy will save about \$2 billion over 10 years.

The proposal also calls for ending add-on payments for hospitals and physicians working in low-population states, starting in 2013. That would save about \$2 billion over 10 years, according to the administration's plan. The president is also proposing 10% reductions in Indirect Medical Education add-on payments beginning in 2013, saving about \$9 billion over 10 years.

In some good news for physicians, the proposal assumes that Congress will step in to stop pending cuts to Medicare physician payment rates. Without action from Congress, Medicare is scheduled to cut physician payments by nearly 30% in January 2012. However, the proposal also

gives greater authority to the Independent Payment Advisory Board (IPAB), a panel that has been widely criticized by the physician community.

The panel was created under the Affordable Care Act, and charged with recommending Medicare cuts to reduce the rate of growth in the program. Under the Affordable Care Act, the IPAB would make recommendations for cuts when the projected Medicare growth rate per capita exceeds the gross domestic product plus 1%. But under the new proposal, that target rate would be lowered to gross domestic product (GDP) plus 0.5%. And the proposal calls for giving the panel new tools, such as the ability to consider "value-based benefit design" and an automatic enforcement mechanism for cuts. The president proposed that same change back in April when unveiling an earlier plan for managing the deficit.

One of the plan's biggest targets for Medicare spending cuts is the drug industry. Under the president's proposal, drug companies would be required to give the Medicare program the same rebates it gives to Medicaid for brand name and generic drugs provided to low-income beneficiaries. The change, which would take effect in 2013, is estimated to save about \$135 billion over 10 years.

The president's deficit reduction proposal would also reduce the amount that Medicare pays to providers to cover bad debts.

Currently, Medicare reimburses providers for 70% of nonpayment of deductibles and copayments after they have made reasonable efforts to collect the money. Under the president's proposal, that amount would drop to 25%, which is similar to what private insurers pay. The change would be phased in over 3 years starting in 2013, and it is estimated to save about \$20 billion over the next decade.

The president also plans to trim another \$5 billion from the Medicare program by cutting waste, fraud, and abuse. For instance, starting in 2014 the proposal would put in place a prior-authorization requirement for the top-priced imaging services, a change that is estimated to save about \$900 million over the next decade.

The plan would also make some changes that directly affect what beneficiaries pay for the program. Beginning in 2017, the administration proposes to increase income-related premiums in Medicare Part B and Part D by 15%. About 25% of beneficiaries would be subject to the higher premiums. That would save about \$20 billion over 10 years.

Under the Medicaid program, the president's proposal seeks to save about \$66 billion over 10 years. The administration estimated that it would save about \$26 billion by limiting the ability of states to use provider taxes as a way to boost their federal matching payments. Specifically, the administration proposes lowering the Medicaid provider tax threshold from 6% in 2014 to 3.5% in 2017. ■