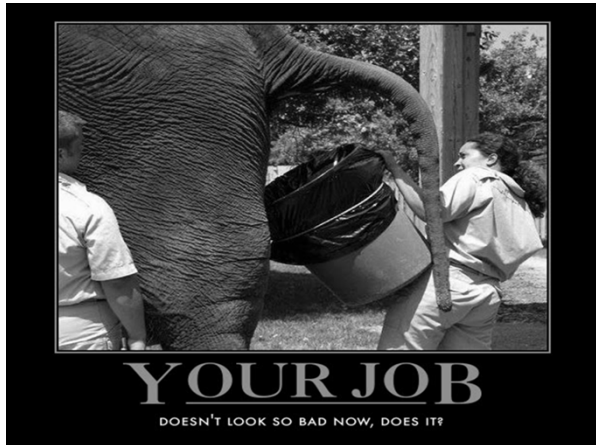


NOSORH
Washington Update

Bill Finerfrock
Senior Vice President – Health Policy
Capitol Associates, Inc.



Appropriations

The Federal government is currently** operating on a Continuing Resolution. All funding continues at the rate of spending as approved for FY 2010 which ended September 30th.

Appropriations

It is possible that under a GOP Congress, an across the board spending reduction in non-defense discretionary spending will be approved.

The GOP leadership has indicated a desire to reset spending levels to the PRE- ARRA levels.

Reauthorization

The SORH grant program should be reauthorized and NOSORH has developed legislation to accomplish this objective. Sponsors and cosponsors for this initiative will be sought early in the 112th Congress.

Healthcare Reform – Timeline

The Challenge of Change

2010 Activities

- Establish a temporary national high-risk pool to provide health coverage to individuals with pre-existing medical conditions.
- Beginning July 1, states had access to the \$5 billion of federal funds made available by the ACA to support the new high risk pool program. It will be available until the program ends on January 1, 2014.
- If a state does not want to participate in the program, the federal government is authorized to contract with a private entity to administer the program in that state.

Provide dependent coverage for adult children up to age 26 for all individual and group policies.

This provision takes effect on September 23rd . However, companies do not have to make this available until the scheduled renewal of the company's policy.

Individual and group health plans are prohibited from placing lifetime limits on the dollar value of coverage. Plans may only impose annual limits on coverage as determined by the Secretary.

Insurers are prohibited from rescinding coverage except in cases of fraud and they are prohibited from imposing pre-existing condition exclusions for children.

Small employers (those with no more than 25 employees and average annual wages of less than \$50,000 that purchase health insurance for employees) are eligible for a federal tax credit to help cover the cost of providing health insurance for their employees.

Small Business Tax Credit

Eligibility Rules

- **Providing health care coverage.** A qualifying employer must cover at least 50 percent of the cost of health care coverage for some of its workers based on the single rate.
- **Firm size.** A qualifying employer must have less than the equivalent of 25 full-time workers (for example, an employer with fewer than 50 half-time workers may be eligible).
- **Average annual wage.** A qualifying employer must pay average annual wages below \$50,000.

Small Employer Tax Credit

- **Maximum Amount.** The credit is worth up to 35 percent of a small business' premium costs in 2010. On Jan. 1, 2014, this rate increases to 50 percent.
- **Phase-out.** The credit phases out gradually for firms with average wages between \$25,000 and \$50,000 and for firms with the equivalent of between 10 and 25 full-time workers.

IRS Information Available

www.irs.gov/newsroom/article/0,,id=221511,00.html

Medical Loss Ratio

Health plans will be required to report the proportion of premium dollars spent on clinical services, quality, and other costs and beginning in 2011, provide rebates to consumers for the amount of the premium spent on clinical services and quality that is less than 85% for plans in the large group market and 80% for plans in the individual and small group markets.

Other ACA provisions for 2010/2011

- Eliminate cost-sharing for Medicare covered preventive services that are recommended by the U.S. Preventive Services Task Force.
- Waive the Medicare deductible for colorectal cancer screening tests.
- Authorize the Secretary to modify or eliminate Medicare coverage of preventive services based on recommendations of the U.S. Preventive Services Task Force.

- Provide grants for up to five years to small employers that establish wellness programs.
- Require chain restaurants and food sold from vending machines to disclose the nutritional content of each item.

- Exclude the costs for over-the-counter drugs not prescribed by a doctor from being reimbursed through a health reimbursement account or health flexible spending account and from being reimbursed on a tax-free basis through a health savings account or Archer medical savings account.
- Increase the tax on distributions from a health savings account or an Archer MSA that are not used for qualified medical expenses to 20% of the disbursed amount.
- Impose new annual fees on the pharmaceutical manufacturing sector.

**Accountable Care Organizations
(ACOs)**

Are ACOs just a dressed up version of HMOs?

Will ACOs lead to the “Walmartization” of American Health Care or truly reform the healthcare delivery system in a way that is beneficial to patients?

**The Politics and Legality of
Healthcare Reform**

1. How will the Fall elections affect the future of the Affordable Care Act?
2. How will the Fall elections Affect the rural agenda?
3. How might the pending lawsuits challenging the ACA affect the new law?

Congress IS expected to deal with the SGR problem during the lame duck session in November.

SGR Options

- * Do Nothing and allow the scheduled cuts to occur
- * **Approve a short-term extension of the 2.2% update into the New Congress and let them deal with the problem**
- * **Approve a short-term freeze on Medicare physician fee schedule payments into the new Congress and let them deal with the problem.**
- * Approve a longer-term extension of the freeze (or approve a smaller increase (i.e. 1% update)
- * Approve a "permanent" fix the SGR problem

General Medicare Update

Medicare Cuts in the ACA

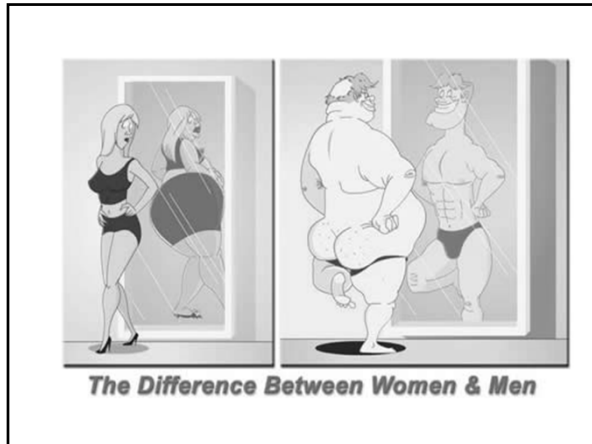
Implementing the cuts included in the ACA extends the life of the Medicare Hospital Insurance Trust Fund by 12 years from 2017 to 2029, more than doubling the time before the exhaustion of the Trust Fund.

Medicare savings document published by CMS, Summer, 2010

The SMI (Supplementary Medical Insurance or Part B) Trust Fund is adequately financed over the next 10 years and beyond because premium and general revenue income for Part B is reset each year to match expected costs.

The Medicare Trustees

For these reasons, the financial projections shown in this report for Medicare do not represent a reasonable expectation for actual program operations in either the short-term or the long range.



- **December 31, 2010** - Internal testing of Version 5010 must be complete to achieve Level I Version 5010 compliance
- **January 1, 2011** - Payers and providers should begin external testing of Version 5010 for electronic claims
- CMS begins accepting Version 5010 claims but Version 4010 claims continue to be accepted

2010

The Patient Protection and Affordable Care Act (Healthcare Reform) legislation, mandated that the Secretary of HHS appoint a "Negotiated Rulemaking" Committee to consider possible changes in the methodology used to designate areas as medically underserved or health professional shortage areas.

**Negotiated Rulemaking Committee
Update**

- Time Line
- Process
- Consensus
- Public Comment

The 112th Congress

Good for Rural? Or Bad for Rural?

If Republicans win sufficient seats to gain control of the House, the following changes are likely to occur:

House

Dave Camp – R-Michigan would replace *Sander Levin* as Chairman of the Ways and Means Committee. Levin represents a suburban Detroit District. Camp Represents a rural District in Central Michigan.

This would be the first time in many decades when a Representative from a rural District chaired the Ways and Means Committee.

House- Continued

Fred Upton – R-Michigan would likely replace *Henry Waxman* D-California as Chairman of the Energy and Commerce Committee. Representative Upton represents a rural district in Southwest Michigan. Rep. Waxman represents Los Angeles (Hollywood to be exact).

Senate

The Senate Majority appears unlikely to change however many races remain too close to call.

Finance Committee

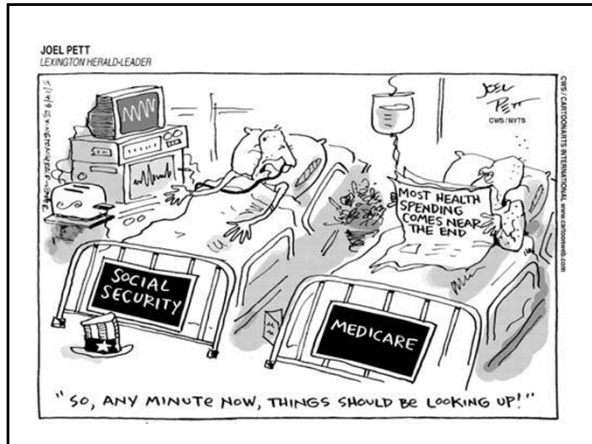
Baucus

Grassley/Hatch

Health Education Labor and Pensions

Harkin

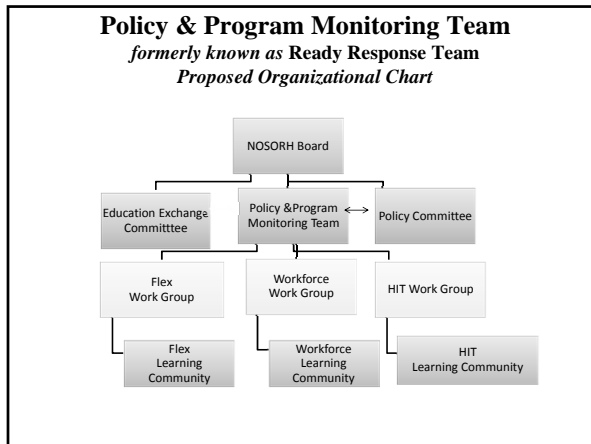
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**NOSORH Policy
Committee Update**

Lisa Davis
Policy Committee (Co) Chair

- 2009 – 2010 Activities**
- Continued to implement the NOSORH Legislative Platform
 - Focused on SORH reauthorization and appropriations
 - Coordinated 2010 NRHA Policy Institute legislative advocacy activities
 - Assisted in Webinars on health care reform
 - Submitted letters on legislative and national program activity
 - Participated in the NOSORH Policy and Program Monitoring Team



- Policy & Program Monitoring Team**
- Oversight Group
 - Established to streamline committee work
 - Current Members: Co-chairs of Flex, HIT, Workforce Committees and Past-Presidents
 - Strategize focus area needs
 - Meet regularly to stay abreast of key issues
 - Refer specific policy or program issues to the respective topic specific workgroup

- Work Groups:**
- Small group (4-6) - Subject Matter Experts(SME)
 - Made up of representatives from Learning Community
 - Will work with NOSORH consultant(s)
 - Determine if Policy and/or Education Exchange Committee needs to be engaged
 - Meet regularly

Learning Community:

- Large group interested in receiving subject specific information
- Learning shared through email, occasional conference calls and/or webinars
- Will meet as needed

NOSORH Consultants:

- Up to \$25,000 available to contract with one or more consultants
- Role still to be determined
