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Tomorrow's Doctors, Tomorrow's Cures

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Washington Update

APPD Spring 2017 Meeting
April 29, 2017
Miami, FL

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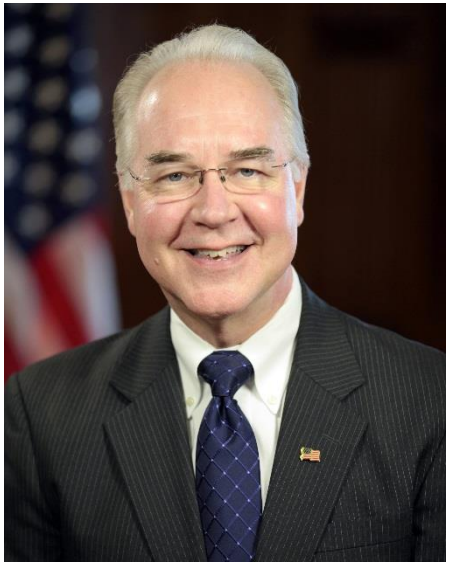
Association of
American Medical Colleges

A few things we know about Tom Price



Access to coverage is the goal, not *coverage*

Supports high deductible catastrophic plans

Would like Medicare to become a voucher system

Medicaid

- Supports block grants
- Wants to repeal expansion
- Supports state flexibility In benefit design; wants to promote personal responsibility

Supports sale of insurance across state lines

Supports high risk pool, reinsurance pools

Wants to make malpractice laws much more physician friendly

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A few things we know about Seema Verma

Supports block grant or per capita

payments for Medicaid

May not support ACA's EHBs

Supports changes in Medicaid requirements

- Consumer-directed Health Savings Accounts
- Premium or contribution requirements
- Waivers of non-emergency transportation benefits
- ED copays to encourage use of non-emergency providers for nonemergency medical care
- Continuous coverage requirements

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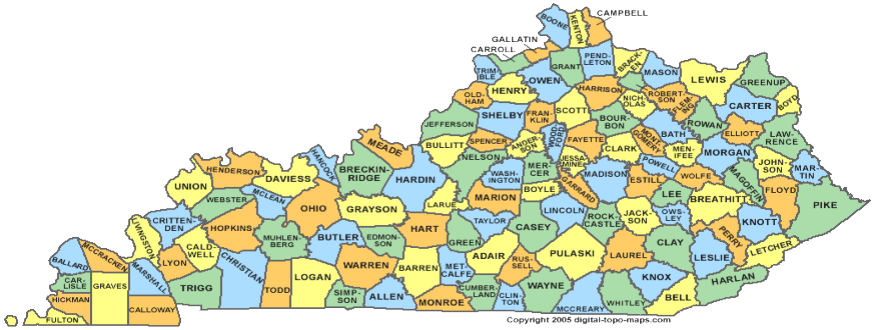
Kentucky 1115 Waiver

Some features of proposed KY plan:

- Monthly premium: $1-$15
- $1000 deductible for non-preventive services
- Able-bodied working age adults must participate in community engagement and employment activities
- If no premium payment made within 60 days of due date, subject to 6 month penalty



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Wisconsin 1115 Waivers

Some features of proposed WI plan:

- -6 month lock-out for failure to pay premium for individuals at or below 100% FPL
- -Cost sharing for use of EDs
- -48 month limit for Medicaid enrollment; some exemptions
- -Participation in work-related activities
- -Annual drug screening, testing, and treatment

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Supplemental Payments in Medicaid

Supplemental payments remain in **Medicaid FFS**

But in Medicaid managed:

- 10 year phase-out of pass-through payments to hospitals
- 5 year sunset for payments to physicians and other providers
- GME and FQHC wrap-around payments are excepted

Remember: in Medicaid managed care, states can vary rates by type of hospital and can do rate add-ons for quality or access

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Will Cost Sharing Reductions (CSRs) Continue?

- If no appropriation, estimates of increases for silver plans for FY2018:
  - On average: 19%
  - Expansion states: 15%
  - Non-expansion states: 21%
- WH: will fund CSRs, but for how long? What about GOP in Congress?

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Effect on Federal Budget if No CSRs

If ACA remains unchanged, Congress doesn't appropriate CSRs, and insurance companies offer products in the exchanges:

- Higher premium = higher tax credit
- Federal cost for FY 2018: $2.3b
- Federal cost 2018-2027: $31b

Source: The Effects of Ending the Affordable Care Act's Cost-Sharing Reduction Payments, KFF Issue Brief, April 2017

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The 10 EHBs in the ACA

Ambulatory patient services	Prescription drugs
Emergency services	Rehabilitative & habilitative services & devices
Hospitalization	Laboratory services
Maternity and Newborn Care	Preventive & wellness services & chronic disease management
Mental health & substance use disorders, including behavioral health treatment	Pediatric series, including oral & vision care

EHBs apply to plans in market place, most Medicaid plans, and states that offer basic health programs to individuals between 133% and 200% FPL

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Key provisions in AHCA: Medicaid

Phase-out of Medicaid expansion

Cap on federal payments for Medicaid

- Separate caps for each of 5 eligibility groups: elderly, blind/disabled/ children/ expansion adults, other non-elderly/non-disabled/non-expansion adults
- Higher inflation factor for elderly and the blind or disabled
- Waiver spending and supplemental payments would be included in a state's target spending and subject to state's aggregate cap

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AHCA provisions: Individual Market

Premium tax credits adjusted for age but not income; unrelated to cost of premium

Increases rating to 5:1 – more expensive for older people

Individual mandate penalties replaced with penalty for failure to maintain continuous coverage

Individual mandate penalties replaced with penalty for failure to maintain continuous coverage

Repeals taxes that helped fund ACA's coverage provisions

Provides states with funding for reinsurance or other programs to stabilize individual market

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MacArthur Amendment to AHCA

Medicaid cuts and most other AHCA provisions remain. States can apply for waivers:

- To replace EHBs in individual/small group markets
- No limit on age rating ratio (can go beyond 5:1)
- To permit health status underwriting if 60+ day gap in coverage and with reinsurance or high risk pool

State waivers approved unless Secretary notifies within 60 days that doesn't comply with requirements. Waivers good for 10 years; State can request a continuation

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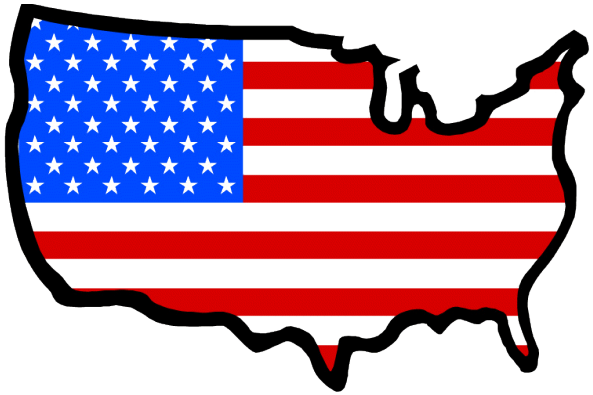
What's next in DC?



CR: April 28

Debt Ceiling: September/October

CHIP: September

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Other topics

- MACRA: rule at OMB
  - Pick your pace for 2017; maybe 2018
  - Simplify MIPS
  - Faster approval process for Advanced APMs
- Bundled payments
  - Bi-partisan support
  - Mandatory or voluntary?
  - If EPMs (AMI, CABG, SHFFT, Cardiac Rehab) are mandatory, what happens to BPCI 2.0 slated for 2018?

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H-1B Visas

- States with the most applications for foreign physicians: NY, MI, IL
- Top 3 employers with applications for the most physicians:
  - William Beaumont Hospital, MI
  - Bronx-Lebanon-Hospital center, NY
  - Cleveland Clinic Foundation, OH
- Administration suspended program allowing payment of higher fee for quicker processing
- Indications of possible relief for academic medicine

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Global Surgery Data Collection by CMS

- Only applies in the following states: FL, KY, LA, NV, NJ, ND, OH, OR, RI
- For post operative visits during post-operative visits for 293 selected procedure codes if related to original procedure
- Starts July 1, 2017
- Applies to physicians and other billing providers that have relationship with at least 1 group of 10+ practitioners
- Teaching physicians continue to use GC or GE modifier as appropriate

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