

HALL RENDER'S THIS WEEK IN WASHINGTON - JANUARY 12, 2018

CMS ALLOWS STATES TO ESTABLISH MEDICAID WORK REQUIREMENTS

On January 11, CMS issued new [guidance](#) that will allow states to establish work requirements for certain Medicaid recipients for the first time in the program's history. Through a [letter to State Medicaid Directors](#), CMS outlined criteria for the types of employment proposals targeting able-bodied, working-age Medicaid beneficiaries that will be permitted. Medicaid enrollees with disabilities, the elderly, pregnant women and children will be excluded from work requirements. Also, states that wish to institute work requirements would have to exempt individuals with severe medical conditions and make "reasonable modifications" for individuals with substance abuse disorders.

CMS has already received demonstration project proposals to tie Medicaid benefits to employment or other job-related activities from ten states. States seeking work and community engagement requirements will have to take into consideration areas of high employment or caregiving to young children or the elderly.

ENERGY AND COMMERCE COMMITTEE RELEASES 340B REPORT

On January 10, the House Energy and Commerce Committee released a [report](#) following a broad review of the 340B program and several oversight hearings held in 2017. While the report highlights the strong bipartisan support of the program, the report also includes its perceived weaknesses such as the lack of transparency and oversight. The report concluded Health Resources and Services Administration ("HRSA") lacks sufficient regulatory authority to adequately oversee the program and the audit process in place is inadequate. The report also claims there is a lack of reliable data on how program savings are used because the 340B statute does not include reporting requirements for covered entities.

To address these issues, the report makes 12 recommendations, which include allowing HRSA to finalize and enforce regulations in three areas where it currently has regulatory authority and giving it sufficient regulatory authority and resources to adequately administer and oversee the 340B program. The report also states that lawmakers should clarify the purpose of the 340B program to ensure HRSA administers and oversees the 340B program consistent with congressional intent. Because of the problems with lack of transparency, the report provides several ways to increase it, such as ensuring covered entities and other relevant stakeholders have access to ceiling prices and requiring covered entities to disclose information about annual 340B program savings and revenue.

Another recommendation designed to promote transparency is establishing a mechanism to monitor the level of charity care provided by covered entities, which the report's authors believe will give Congress assurance that low-income and uninsured patients are directly benefiting from the program. The report also recommends Congress examine whether the Disproportionate Share Hospital ("DSH") percentage is an appropriate way to determine if hospitals are eligible for the program since DSH is an inpatient measure and 340B is an outpatient program.

CMS ANNOUNCES NEW BUNDLED PAYMENT MODEL

On January 9, CMS announced a new voluntary bundled payment initiative. The new program, the Bundled Payments for Care Improvements Advanced Model ("BPCI Advanced"), will allow acute care hospitals and physician group practices to receive a single bundled payment for any of 32 types or episodes of care, 29 inpatient and 3 outpatient. The goal is to align incentives among participating health care providers for reducing expenditures and improving quality of care for Medicare beneficiaries. To participate, providers must bear financial risk, implement care redesign activities and use certified electronic health records. BPCI Advanced will qualify as an Advanced Alternative Payment Model under MACRA.

HEALTH-RELATED BILLS INTRODUCED THIS WEEK

Rep. Joseph P. Kennedy (D-MA) introduced [H.R. 4778](#) to strengthen parity in mental health and substance use disorder benefits.

Rep. Debbie Dingell (D-MI) introduced the Hospital Preparedness Program Reauthorization Act of 2018 ([H.R. 4776](#)) to amend the Public Health Service Act to reauthorize a program of partnerships for state and regional hospital preparedness to improve surge capacity. The Act would increase the level of federal funding authorized to support regional health care systems in preparing for natural disasters and other threats.

Sen. Edward Markey (D-MA) introduced [S.2287](#) to repeal the medical device excise tax.

NEXT WEEK IN WASHINGTON

The House and Senate return next Tuesday and will have four legislative days to reach an agreement on a continuing resolution ("CR") to fund the federal government and avoid a shutdown. Lawmakers are currently debating whether to include long-term funding for the Children's Health Insurance Program in the CR.

Also next week, the House Ways and Means Committee will hold a [hearing](#) on CMS actions to prevent opioid abuse. The hearing will focus on the agency's efforts to utilize data to identify individuals in the Medicare Part D Program who are at risk of abusing opioids. The Senate Homeland Security and Governmental Affairs Committee will also look at opioids in a [hearing](#) on Medicaid and opioids. On Wednesday, the Senate HELP Committee will hold a [hearing](#) on public health threats.

THIS WEEK IN WASHINGTON IN HISTORY

2002: 16 years ago this week, U.S. President George W. Bush signs into law the No Child Left Behind Act, a comprehensive K-12 education reform bill. The bill would pass with an overwhelming majority in the House and by a 91-8 margin in the Senate.

1918: 100 years ago this week, the House passes a constitutional amendment granting women the right to vote. The measure would ultimately pass the House and Senate a year later. The 19th Amendment would then be ratified by the states in 1920.

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