

HALL RENDER'S THIS WEEK IN WASHINGTON - MARCH 29, 2013

SENATE PASSES FY 2014 BUDGET RESOLUTION

On March 23, the U.S. Senate voted 50-49 to pass a fiscal year 2014 **budget resolution** that would reduce Medicare spending by \$275 billion over 10 years but does not include structural entitlement reforms. The \$275 billion in cuts to Medicare were unspecified reductions aimed at cutting waste and fraud across the health care system.

The Senate budget resolution substantially differs from the House-passed budget, which would turn Medicare into a premium support system, block-grant Medicaid and repeal the Affordable Care Act ("ACA"). The White House is expected to release its budget plan on the morning of April 10. Budget resolutions are intended as frameworks for Congress and are not binding.

Amendments of note to the Senate budget included the Coburn amendment, which would repeal the ACA provision that allows Medicare to include adjustments to hospital payments based on state wages. During the health reform debate, that provision was called a "Massachusetts kickback" because the entire state's Medicare hospital payments rose as a result of it. The Coburn amendment to strike the provision passed 68-31.

IOM PANEL RAISES CONCERNS ABOUT GEOGRAPHIC VARIATION IN SPENDING

On March 22, the Institute of Medicine ("IOM") issued a **30-page interim report** that identified downsides to adjusting Medicare payments to hospitals, doctors and other providers based on region. The IOM panel studied hospital-referral regions, which lump together all providers into 306 areas. The report suggested that adjusting payment by region would "likely mischaracterize the actual value of services" and result in unfair payments to institutions that were careful in using Medicare services but were located in regions marked by heavy spending. The report is designed to provide preliminary IOM observations to Congress related predominantly to Medicare Parts A, B and D. The report did not evaluate geographic variation in spending for people who are insured by a private company, through private Medicare Advantage plans or Medicaid. Those will be studied in an upcoming report this summer.

AHRQ RELEASES TOOLKIT FOR CURBING HOSPITAL READMISSIONS

The Agency for Healthcare Research and Quality ("AHRQ") released a revised toolkit for hospitals to help lower rates of preventable readmissions.

The **discharge toolkit** is a 12-step intervention that incorporates medication reconciliation, plain-language discharge instructions, patient education and telephone follow-up to improve transitions of care and decrease the likelihood of readmissions.

According to AHRQ, the toolkit can help hospitals reduce their readmissions and emergency room visits by as much as 30%.

NEW HIPAA RULES TAKE EFFECT

March 26 marked the effective date of a **563-page omnibus rule** under the Health Insurance Portability and Accountability Act ("HIPAA") of 1996. The rules were released by HHS on January 17, 2013. The rules include extending legal liability to business associates of health care providers and restoring a measure of patient control over disclosure of their records. While the rules go into effect March 26, the compliance deadline is not until September 23, 2013.

HEALTH-RELATED BILLS INTRODUCED IN CONGRESS THIS WEEK

H.R. 1404: Rep. Matt Salmon (R-AZ) introduced a bill to eliminate the increased federal medical assistance percentage plan with respect to newly eligible mandatory individuals under Medicaid. The bill was referred to the House Energy and Commerce Committee where it is expected to be referred to the Health Subcommittee.

NEXT WEEK

Congress will remain in recess for the Easter holiday.

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