THIS WEEK IN WASHINGTON – OCTOBER 24, 2014

HHS ANNOUNCES $840 MILLION IN QUALITY IMPROVEMENT GRANTS

On October 23, CMS announced the CMS Innovation Center will grant $840 million to hospitals and doctors to provide improved care while reducing costs. The grants will support 150,000 clinicians over four years with incentives, tools and information as part of the ongoing effort to move away from volume-based care.

According to the announcement, health care systems, group practices and medical provider associations are encouraged to apply for the grants with plans for improving the sharing of patient information, including EHR advances, more ways for patients to be in contact with their providers and coordinating care among primary care providers and specialists.

The CMS Innovation Center, which was created by the Affordable Care Act and received $10 billion in funding from the law, will largely fund the awards. The application period for the funding opportunities is October 23, 2014 through January 6, 2015.

HRSA TELLS DRUG MAKERS TO REFUND 340B HOSPITALS

The Health Resources and Services Administration ("HRSA") has asked drug manufacturers to refund 340B hospitals for certain orphan drugs charged at non-discounted prices. HRSA is the agency that oversees the 340B program and sent letters to more than 50 drug manufacturers on October 7 regarding the issue. The letter notified drug manufacturers that they have 30 days to inform HRSA of plans to repay affected covered entities and to institute the offer of the discounted prices in the future.

In July, HRSA issued an interpretive rule that continues to allow hospitals that are subject to the orphan drug exclusion to purchase orphan drugs through the 340B program when the drugs are not used to treat rare conditions.

CBO REPORT EXAMINES MEDICARE'S ANTI-FRAUD MEASURES

The Congressional Budget Office ("CBO") released a report this month examining how they measure the budgetary effects of legislative proposals to reduce fraud in Medicare. The report detailed the extent of the problem health care fraud has created for the federal government.

In fiscal year 2014, spending on dedicated anti-fraud activities through the Health Care Fraud and Abuse Control Program was approximately $1.4 billion. The report discussed how health care fraud is elusive and hard to detect, and the Government Accountability Office concluded that "there is no reliable baseline estimate of the amount of healthcare fraud in the United States."

In the report, CBO analyzed legislative proposals to modify practices and behaviors in programs such as Medicare and Medicaid. In analyzing the proposals for providing additional funding for anti-fraud activities, CBO estimated that such funding would produce savings that exceed the cost of carrying out those activities.

HEALTH CARE-RELATED BILLS INTRODUCED THIS WEEK

There were no health care-related bills introduced this week.

NEXT WEEK IN WASHINGTON

While Congress remains out of session ahead of the November midterm elections, CMS will release its final Medicare reimbursement rules for health care providers in the next two to three weeks. Generally, these final rules are relatively non-controversial and in line with the proposed rule issued in early July.

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