



House Energy & Commerce Health Subcommittee Focuses on MACRA/Alternative Payment Models

On Wednesday, November 8, the House Energy & Commerce Health Subcommittee held a hearing entitled, MACRA and Alternative Payment Models (APMs): Developing Options for Value-based Care.

The hearing focused on the implementation of APMs, which is one of the two tracks through which eligible professionals can be reimbursed under MACRA. Subcommittee Chairman Michael Burgess (R-TX) noted that the other prong of MACRA, the Merit-based Incentive Payment System (MIPS) will be the focus of a future hearing.

During the hearing, witnesses described models currently underway and models that could be considered Advanced APMs in the future. Overall, witnesses were largely supportive of APMs as they have driven a culture shift among providers away from the fee-for-service (FFS) model to more coordinated care. Witnesses also described burdens and issues with APMs, including additional administrative burdens, that they hope Congress will address.

We also wanted to note that Louis Friedman, DO was one of the panelists and spoke on behalf of the American College of Physicians. Dr. Friedman focused his comments on the Comprehensive Primary Care Initiative and the Comprehensive Primary Care Plus (CPC+) model.

He and fellow panelist Dr. Bill Wulf, CEO of the Central Ohio Primary Care Physicians, provided Subcommittee Members with the primary care perspective. Dr. Friedman specifically described the increasing administrative burden on small practices and the need to simplify CPC+ reporting requirements. Dr. Wulf described the importance of identifying value among specialists, especially for primary care providers who have to refer patients to those specialists.

CMS Announces Steps to Streamline the Medicaid Waiver Process

The Centers for Medicare and Medicaid Services (CMS) released several bulletins on November 6 to notify the public that they are working on steps to improve the process for Medicaid Section 1115 and Section 1915 waivers and amendments. This reflects an earlier stated goal by the Administration to overhaul the waiver application process to reduce submission of repetitive information, offer more “hands on” guidance with a transparency review checklist, create clear timetables for the review, and share standardized language on routine requests. CMS noted as well that they plan to offer parameters for faster approval of waivers that are in line with other waivers already approved. Speeding up the waiver process has been a steady complaint in recent years when many waiver review processes took a year or longer.

While these bulletins were focused on the waiver process, CMS Administrator Seema Verma spoke to the National Association of Medicaid Directors earlier this week and reiterated the Administration’s interest.

Congress’ Tax Reform Efforts Take Center Stage

Congressional focus on a tax cut package has moved forward quickly following several days of deliberation and revisions to the House Ways & Means Committee’s initially released legislation, which the Committee passed on November 9 on a 24-16 party line vote. As Congress continues to debate key health care-related provisions in the tax reform package, there are several provisions which would have downstream impact on healthcare. These include:

Elimination of the ability to deduct qualified medical expenses – current law allows for the deduction of medical expenses which exceed 10% of gross income for individuals who itemize deductions.

Addition of a 20% excise tax on compensation in excess of \$1 million paid to any of the five highest paid employees of a not-for-profit organization. This would be effective for taxable years beginning after Dec. 31, 2017, with no transition rule for compensation paid under existing binding contracts. A similar provision already exists in the for-profit sector (denying a deduction for such compensation) and it would be tightened in the proposal.

The charitable contribution deduction limitation for cash contributions would be raised from 50% of adjusted gross income (AGI) to 60% of AGI, but the increase in the individual standard deduction and elimination of other itemized deductions could prevent middle income taxpayers from having a tax benefit for their charitable donation, possibly impacting both the charitable organization and employee giving campaigns.

Late on November 9, the Senate Finance Committee released its version of a tax reform proposal, which varies in a number of areas from the House Ways & Means Committee proposal. For example, unlike the House version, the Senate version would preserve the deduction for qualified medical expenses. However, like the House version, the Senate proposal also does not include a repeal of the ACA individual mandate.

ACOFB will continue to analyze these proposals and provide updates on their progress.