

## Federal Issues

### Legislative

#### Senate Passes Budget Reconciliation Package

On Sunday, the U.S. Senate [passed](#) its long-anticipated budget reconciliation package – “The Inflation Reduction Act of 2022” – by a party-line 51-50 vote, with Vice President Kamala Harris providing the tie-breaking vote. The \$700 billion plus package includes provisions related to climate and energy initiatives, taxes, and health care.

**What's in:** As previously reported, health provisions in the package include:

- A three-year extension (through 2025) of the enhanced Affordable Care Act tax credits first passed in in the American Rescue Plan Act
- Prescription drug reforms under Medicare (which cap drug price increases to inflation and require the government to negotiate for prescription drug prices)
- Medicare Part D redesign provisions that include a new \$2000 maximum out-of-pocket cap for beneficiaries.
- A \$35 insulin co-pay cap in Medicare

**What's out:** Because the Senate parliamentarian ruled that it did not align with the rules of budget

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reconciliation, provisions that would apply the caps on drug price increases and insulin copays to the commercial market had to be removed.

**Next Steps:** House Speaker Nancy Pelosi is calling the House back from recess to vote on the spending package on Friday. It is expected to pass on party lines and promptly be signed into law by President Biden.

- **New HHS Report Shows National Uninsured Rate Reached All-Time Low in 2022**

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## Federal Issues

Regulatory

### CMS Releases 2023 Part D National Average Monthly Bid Amount

The Centers for Medicare & Medicaid Services (CMS) recently [announced](#) the average basic monthly Part D premium for 2023 is projected to be \$31.50, slightly below the 2022 average of \$32.08. Along with the announcement, CMS issued a [memorandum](#) with information on several additional Part D amounts for 2023, including the Medicare Part D national average monthly bid amount (\$34.71) and the Part D base beneficiary premium amount (\$32.74). CMS also released information on Medicare Advantage regional PPO benchmarks and regional Employer Group Waiver Plan payment rates.

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### CMS Releases 2023 IPPS Final Rule

The Centers for Medicare & Medicaid Services (CMS) issued a [final rule](#) to update Medicare quality programs, payment policies, and rates for fiscal year (FY) 2023 under the Inpatient Prospective Payment System (IPPS) and Long-Term Care Hospital (LTCH) PPS.

**Why this matters:** The final rule will result in a 4.3% increase in operating payment rates for acute care hospitals paid under the IPPS that successfully participate in the Inpatient Quality Reporting (IQR) Program and are meaningful users of electronic health records. CMS notes this is the highest market basket update in the last 25 years and is primarily due to higher expected growth in compensation for hospital workers.

To mitigate effects of the COVID-19 pandemic, CMS finalized proposals to not penalize hospitals under the Healthcare Associated Condition (HAC) Reduction or Hospital Value-Based Purchasing programs in FY 2023. However, CMS will continue to publicly report the Patient Safety and Adverse Events measure (CMS PSI 90 measure), a change from the policy initially proposed.

CMS also finalized the proposal to adopt three new health equity related measures in the Hospital Inpatient Quality Reporting (IQR) program: a hospital commitment to health equity; a screening for social drivers of health; and the percent of patients who screen positive for social drivers of health.

Finally, CMS finalized the proposal to establish a new “Birthing-Friendly” hospital designation intended to inform consumers about a hospital’s commitment to participating in activities to improve patient safety practices related to perinatal care.

Please review the [final rule](#) and [fact sheet](#) for more information.

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### **President Biden Issues Executive Order on Reproductive Health Care**

President Biden issued an [executive order](#) (EO) on “Securing Access to Reproductive and Other Healthcare Services,” directing the Department of Health and Human Services (HHS) to consider using Medicaid to pay for expenses for those who cross state lines to seek abortions.

**Why this matters:** The executive order directs the HHS Secretary to consider actions to:

- Increase reproductive health care access, including for **Medicaid patients traveling across state lines for medical care**.
- Consider appropriate actions to **ensure health care providers comply with non-discrimination laws**, such as pregnancy status.
- **Evaluate the adequacy of research, data collection, and data analysis** at agencies within HHS in accurately measuring the effect of access to reproductive health care on maternal health outcomes.

A fact sheet for the executive order is available [here](#). This EO also comes as the Administration [challenges](#) Idaho’s trigger law on the basis of non-compliance with the Emergency Medical Treatment and Labor Act (EMTALA).

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### **New Medicaid Health Home Benefit for Children with Medically Complex Conditions**

The Centers for Medicare & Medicaid Services (CMS) announced guidance on a new Medicaid health home benefit for children with medically complex conditions.

**Why this matters:** This new benefit may be provided starting October 1, 2022, at the state’s option, and provides Medicaid-eligible children who have medically complex conditions with person-centered care management, care coordination, and patient and family support.

The new guidance covers:

- Payment methodologies
- Provider standards
- Provider and state reporting
- State Monitoring
- State assurance requirements

The services provided under the new benefit include the full range of pediatric specialty and subspecialty medical services, including services from out-of-state providers, as medically necessary. States with approved Medicaid state plan amendments (SPAs) to cover the new health home benefit will receive a 15 percentage point increase in federal matching for their expenditures on health home services during the first two fiscal year quarters that the SPA is in effect.

The guidance is available [here](#).

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### **White House Declares Monkeypox a Public Health Emergency**

The Biden Administration declared monkeypox a public health emergency, with the intention of speeding up the distribution of vaccines and expanding testing to combat the spread of the disease. The declaration will allow the Secretary of HHS to make certain funding available to respond to the emergency; modify certain Medicare, Medicaid, and other health program rules to make items and services more readily available; appoint temporary personnel to deal directly with the emergency; and change certain rules around telemedicine. President Biden also [announced](#) FEMA's Robert Fenton as the White House National Monkeypox Response Coordinator.

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### **COVID-19 Update: PHE Unwinding Waiver Approvals**

CMS [released](#) a new chart that outlines the approved section 1902(e)(14) waiver flexibilities that the agency has granted to states to support efforts to facilitate the Medicaid eligibility renewal process and ensure due process protections during the unwinding period following the end of the COVID-19 Public Health Emergency (PHE).

**Why this matters:** Some waiver flexibilities include targeted renewal for individuals based on SNAP eligibility, partnering with managed care plans to update beneficiary contact information without additional verification by the state, and extending automatic reenrollment into Medicaid managed care plans up to 120 days.

The current expiration of the COVID-19 PHE is set for October 13, 2022 with a 60-day advanced notice date of August 14, 2022.

Related: [MACPAC's recent analysis](#) found only about 3 percent of all adult and child beneficiaries who were disenrolled from [Medicaid](#) and [CHIP](#) enrolled in exchange coverage within a year after disenrolling. This is lower than previous estimates. [Learn more.](#)

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## **State Issues**

### **Pennsylvania**

Regulatory

### **Insurance Department Releases 2023 Proposed ACA Rates**

Acting Pennsylvania Insurance Commissioner Michael Humphreys released the 2023 requested rate filings for insurance plans under the Affordable Care Act. As filed, 2023 will see increased competition and more choices for consumers within some counties. Both the individual and small group rate requests will result in a moderate statewide average increase.

Insurers offering plans in the individual market filed plans requesting an average statewide increase of 7.1 percent. Insurers that currently sell in Pennsylvania's small group market filed plans requesting an average statewide increase of 5.2 percent.

**Similar to other states' filings, insurers are attributing the proposed increases to multiple factors including but not limited to:**

- rising health care costs
- projected claims due to deferred care resulting from the pandemic
- increases in medical and drug utilization and cost trends
- the ending of the American Rescue Plan Act (ARPA) enhanced subsidies

As currently filed, of Pennsylvania's 67 counties, no county will lose an on-exchange insurer. For Plan Year 2023, within the individual market, one county will gain a new on-exchange insurer. Ambetter (from PA Health & Wellness) will enter the Berks County individual market for Plan Year 2023. Within the small group market, five counties gained a new insurer. Cigna + Oscar will enter the small group market in Bucks, Chester, Delaware, Montgomery, and Philadelphia counties. Looking to plan year 2023, every county in Pennsylvania will have more than one insurer in the individual market and more than one on-exchange insurer.

The deadline to submit rate filings for 2023 health insurance plans to the Insurance Department was June 1, 2022. Proposed rate changes vary by plan and region and are subject to change as the department conducts its review process. Final approved rates will be made public in the fall. Details are available on the [Insurance Department's website](#).

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## Industry Trends

Policy / Market Trends

### **New HHS Report Shows National Uninsured Rate Reached All-Time Low in 2022**

The U.S. Department of Health and Human Services (HHS) [released its report](#) evaluating the uninsured rate of people in the United States. The report announced that the country has reached an all-time low uninsured rate of 8%, with 5.2 million people gaining coverage since 2020. The previous all-time low was reached in 2016 at a rate of 9%. Below are the findings of the report:

- Approximately 5.2 million people – including 4.1 million adults ages 18-64 and 1 million children ages 0-17 – have gained health coverage since 2020. These gains in health insurance coverage are concurrent with the implementation of the American Rescue Plan's enhanced Marketplace subsidies, the continuous enrollment provision in Medicaid, several recent state Medicaid expansions, and substantial enrollment outreach by the Biden-Harris Administration in 2021-2022.

- Uninsured rates among adults ages 18-64 declined from 14.5 percent in late 2020 to 11.8 percent in early 2022. The uninsured rate among children ages 0-17, which had increased during 2019 and 2020, fell from 6.4 percent in late 2020 to 3.7 percent in early 2022.
- Approximately 5.4 percent of adults 18-64 reported having Marketplace coverage in early 2022 compared to 4.4 percent in 2020, reflecting approximately 2 million additional adult Marketplace enrollees – roughly half of the 4 million adults who gained health coverage over this period.
- The largest changes in uninsured rates from 2020 to 2022 were among individuals with incomes below 100% of the Federal Poverty Level (FPL) and incomes between 200% and 400% FPL.
- State-specific analyses using the American Community Survey show that the largest changes in the uninsured rate for low-income adults between 2018-2020 generally occurred in states that recently expanded Medicaid.

**Interested in reviewing a copy of a bill(s)? Access the following web sites:**

Delaware State Legislation: <http://legis.delaware.gov/>.

New York Legislation: <https://nyassembly.gov/leg/>

Pennsylvania Legislation: [www.legis.state.pa.us](http://www.legis.state.pa.us).

West Virginia Legislation: <http://www.legis.state.wv.us/>

For copies of congressional bills, access the Thomas website – <http://thomas.loc.gov/>.

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