



## States Must Hurry-Up to Get Federal FMAP Funding; PPACA Implementation Proceeds

### *States Must Apply by September 24 for Extended FMAP Funding*

CMS announced last week that states have only until this September 24th to apply for an extension of enhanced Medicaid funding (FMAP) amounting to \$16.1 billion under the Education, Jobs and Medicaid Assistance Act signed by **President Obama** into law (P.L. 111-226). CMS gave a list of requirements states must meet to qualify for the enhanced rate, such as maintaining Medicaid eligibility standards, and a template states can use to request the funds. If approved, a state would receive a 3.2% increase in the second quarter of FY 2011 and a 1.2% increase in the third quarter. HHS to Provide \$2 Billion for

on nurturing promising discoveries, updated flu vaccine manufacturing and help for companies trying to attract investors in countermeasures. Funding for the new shift in strategy is expected to come largely by shifting existing HHS preparedness allocations to the new initiative, particularly supplemental pandemic response funding from 2009.

### *Emerging Health Threats*

Last week HHS announced that it will allocate \$2 billion toward improving the nation's ability to respond to health threats such as emerging infectious diseases, pandemics and bioterrorism. A review of medical countermeasures, The Public Health Emergency Medical Countermeasures Enterprise Review, found that the government must shift "from the current strategy of developing products aimed at countering known threats to a longer-range anticipatory strategy." It calls for updated regulatory science and scientific review capacity at the FDA, more advanced manufacturing platforms, increased support for small and emerging biotech companies, a stronger emphasis

### *Inside*

New CBO Estimate Says PPACA Saves \$179 Billion over 10 Years	2
PPACA State Grants for Premium Reviews	2
NAIC Approves PPACA Insurer Compliance Form	2
Requirements for States to Receive Enhanced Matching Rate for HIT	3
Medicare Part D Premium Increase in 2011	3
CMS to Warn Beneficiaries of Low-Performing MA Plans	3
Medicare Coverage for Certain Dietary Programs	3

## New CBO Estimate Says PPACA Saves \$179 Billion over 10 Years

Last week CBO released a new estimate stating that the law will reduce the federal deficit \$179 billion over 10 years, up from \$143 billion estimated in March, primarily because the law

is expected to reduce the deficit an additional \$28 billion in 2020. However, CBO cautioned that “the estimates, like the ones for earlier years, are subject to considerable uncertainty.” As to Medicare, CBO

said that program spending will rise less than 4% in 2010 with increases of about 6% annually from 2011-2020.

## PPACA State Grants for Premium Reviews

HHS announced that 45 states and the District of Columbia will receive \$46 million in grants “to help them crack down on unjustified health insurance premium hikes...” The grants are only the first round of \$250 million in grants that

will go to states over the next five years. It was also reported that about half the states currently lack the state laws necessary to regulate health insurance premiums as contemplated under the PPACA.

## NAIC Approves PPACA Insurer Compliance Form

Last week the NAIC reported that its executive committee has approved the form that health insurers have to use to report financial information to determine if they are complying with the medical loss ratio requirements of the PPACA. Insurers were not enthralled however, with AHIP responding that “the current

proposal could have the unintended consequences of turning back the clock on efforts to improve patient safety, enhance the quality of care, and fight fraud.” Whether HHS will agree with all elements of the proposal remains to be seen. AHIP has also objected to HHS “grandfather plan” proposals, stating that if plan increases

in deductibles serves to deny grandfather status, the rule will be only a temporary one. In other PPACA news, it was reported that state high risk pool enrollment has fallen short of expectations, probably due to the high cost of coverage and the lack of knowledge of pool eligibility.

## Requirements for States to Receive Enhanced Matching Rate for HIT

Last week CMS issued guidance to state Medicaid directors on how states can qualify for a 90% federal matching rate for administrative expenses that go toward promoting health

information technology. Under the AARA, states must comply with three requirements: administer Medicaid incentive payments to eligible professionals and hospitals for electronic health record

adoption; conduct oversight of the Medicaid EHR program; and pursue initiatives that encourage EHR adoption and the electronic exchange of health information.

### Medicare Part D Premium Increase in 2011

CMS reported last week that the premium costs of the Medicare prescription drug program remain stable with average monthly Part D premiums estimated to increase by \$1 to \$30 in 2011 with the average premium estimated to be about \$30.

### CMS to Warn Beneficiaries of Low-Performing MA Plans

CMS announced that Medicare Advantage and Part D prescription drug plans that consistently receive low-quality scores in 2011 will have a warning to beneficiaries placed next to the plan name on the Medicare.gov website.

### Medicare Coverage for Certain Dietary Programs

A final CMS decision memorandum states that Medicare beneficiaries undergoing cardiac rehabilitation will be eligible for coverage for the Ornish Program for Reversing Heart Disease and the Pritikin program.