



Week of 9/9/2013

This week's regulatory and legislative news

- **Proposed rules lay out reporting requirements for insurers, employers**
- **Hospitals see slower job growth**
- **Patients take center stage at FDA meeting**
- **Medicare Fee-for-Service utilization declines**
- **Federal data hub finished, according to CMS**

Proposed rules lay out reporting requirements for insurers, employers

Two new proposed rules, released last week by the IRS, implement critical healthcare coverage reporting requirements. [The first rule](#) requires insurers, employers, and other entities, such as exchanges, to report on minimum essential coverage to the IRS and to individuals. [The other rule](#) requires large employers to disclose their healthcare coverage offerings to employees and the IRS. The two rules will help the government determine whether individuals are eligible for subsidies and which companies are complying with the employer mandate.

HRI impact analysis: The proposed rules offer ways to simplify reporting, such as using W-2 statements instead of separate employee statements and no longer requiring insurers to report exchange coverage, since that coverage is already reported by the health insurance marketplaces. The proposed ACA rules are some of the last to be issued before the state exchanges open for business on October 1.

Hospitals see slower job growth

Hospitals hired fewer people than physician practices, home health agencies, clinics and nursing homes in August, and added just 900 jobs, even as the health sector in general accounted for 22% of all new jobs last month. For hospitals, the numbers indicate much slower job growth from just one year ago, [according to Bureau of Labor Statistics](#) (BLS) data. Through the first half of this year, the sector averaged about 1,600 new jobs monthly, compared to about 5,241 new jobs each month in 2012, BLS data show. Home health centers added 9,000 new jobs, while physician offices added 6,000, and nursing homes added 3,400.

HRI impact analysis: Credit declining, federal payments, fewer inpatients, and a shift in where patients seek and receive care are main contributors to the decline in hospital hiring. For instance, ambulatory health services grew by more than 26,000 jobs in August—a sign that both consumers and insurers are seeking [out lower-cost care](#). But other factors also play a part. Some healthcare economists say [hospital consolidation](#) has led to downsizing within the sector; others cite concerns over the ACA, which shifts payments away from the sheer number of procedures to the quality of the care patients receive. One area within hospitals, however, continues to buck the trend: the IT department. About 75% of providers say they are hiring new employees to help bolster their use of electronic health records, new billing software, and more, according to a human resource survey conducted by [HRI](#). As more federal dollars are tied to demonstrating that providers are using technology to improve the quality of care, even more IT professionals will be needed.

Patients take center stage at FDA meeting

Patients want to have their voices heard by both drugmakers and regulators. That was the message delivered at a [meeting convened in Washington](#) this week by the FDA. Regulators, industry representatives, healthcare professionals and patient advocates discussed how patients should be involved from the beginning of the drug discovery process to after a drug is approved and marketed. The FDA highlighted a number of programs that are already in place to engage patients such as the [patient network](#), which communicates with patients through newsletters, webinars, and in-person meetings with agency officials. Industry is also seeking more input from patients as they decide which molecules and indications to pursue, but industry representatives conceded that more work needs to be done to add patient's perspective throughout the development process.

HRI impact analysis: In the new health economy, consumers will expect more customized care that reflects their needs and desires. The drug industry will not be immune to this change. Patients, particularly those who rely on [specialty products to treat rare diseases](#), have specific expectations about how their medications perform. In order to demonstrate the value of their products, drugmakers will have to account for patient views and desired outcomes throughout the many phases of research and development. According to HRI's report, [Social media "likes" healthcare](#), consumer health organizations are already working with pharmaceutical companies to use patient-reported outcomes, such as the collaboration between PatientsLikeMe and Merck that is focused on understanding psoriasis. Consumers will continue to push regulators to help speed new products to the marketplace, even if it means modifying the standards that FDA traditionally uses to review and approve drugs.

Medicare Fee-for-Service utilization declines

A [working paper](#) released by the Congressional Budget Office shows that spending growth for patients using the fee-for-service portion of Medicare has slowed in recent years, with no apparent factor(s) contributing a significant reason for the slowdown. The spending slowdown was found across all major service categories and geographic regions. Much of the slowdown seems to be coming from Medicare beneficiaries' lessened demand for care and by changes in providers' behavior. The report says declining utilization could be attributed to a variety of factors, including changes in enrollment to Medicare Part A coverage, changing health of the elderly population, increase in prescription drug use, and the financial crisis and economic downturn. According to the paper, "an influx of younger elderly beneficiaries, many of whom continued working past age 65, contributed to the growth in the share of elderly beneficiaries who had other sources of health insurance coverage and therefore chose to enroll only in Part A." Changes in providers' behavior were linked to slower adoption of new technologies that can increase costs and improvement in care management.

HRI impact analysis: The CBO study adds to the growing amount of data showing [slower health inflation](#). Health systems need to review capital spending strategies to reflect slower growth and consumers' desire for care closer to home, in retail settings, and even virtually. Focusing care on patient outcomes-based payments will help keep providers closely aligned with the slower growth and dwindling fee-for-service payments.

Federal data hub finished, according to CMS

The federal data hub is ready for business, according to [an announcement from CMS](#) this week. The hub, a massive information highway that will be used to verify an application's eligibility for insurance exchange subsidies, has long been the subject of scrutiny. A [report from the GAO](#) in early August warned that the hub was behind in its testing schedule and may not be fully ready for October 1 open enrollment. But CMS officials said this week that the hub had completed security testing and is fully prepared for launch.

HRI impact analysis: Critics have expressed concern about the hub's data security, given its unprecedented scale and funding and time constraints. At the moment, it's not clear what specific security measures are being taken to prevent information theft. It also still remains unclear whether the application and subsidy verification process will be the seamless, integrated process it was once expected to be. Insurers, brokers, navigators, and others on the frontlines of helping customers enroll through the exchanges should still plan for plenty of hiccups.

Upcoming events & deadlines

- **September 16** – 3rd Annual Consumer Health IT [Summit](#) hosted by the Office of the National Coordinator (ONC) in Washington D.C.
- **September 17** – PwC [webcast](#) on serialization and ePedigree regulations and the current state of readiness in the pharmaceutical and biotech industries.
- **September 18** – Senate [committee hearing](#) to examine older Americans, focusing on the changing face of HIV/AIDS in America, in Washington D.C.
- **October 1** – Health insurance exchange open enrollment begins.
- **October 16** – Health Care Compliance Association [webinar](#) on developing an effective program for insurers to manage their vendors within CMS guidelines.
- **October 17-18** – Annual America's Health Insurance Plans (AHIP) States Issues [conference](#) on health insurance exchanges and Medicaid expansion

Quote of the week

"Many studies have already shown how important crisis management is for organizations," said doctoral candidate Seoyeon Hong, the co-author of a study on the effective use of social media by institutions from the University of Missouri. "Because Facebook is very personal for its users, well-thought-out crisis management messages can be effective at reaching users on a personal level, which is a powerful way to persuade people to a cause." For more on how health organizations can use social media effectively see [HRI's Social media "likes" healthcare report](#).

In the news

A recent article in the *Washington Post* takes a look at who will be left without coverage under the [Affordable Care Act](#), and highlights why free clinics are still a needed resource.

Factually correct

\$23 billion – the amount global mobile health spending will increase over the next four years according to a recent PwC [study](#).

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