

# McDermottPlus Check-Up

McDermott+Consulting is pleased to provide the McDermottPlus Check-Up, your regular update on health care policy from Washington, DC. McDermottPlus has also launched a new site compiling all of our COVID-19 related analysis. Visit us [here](#).



**This Week's Dose:** Following weeks of pressure from stakeholders and lawmakers, the Department of Health and Human Services (HHS) announced additional distributions from the Provider Relief Fund targeted to Medicaid and “safety net” providers. HHS also announced additional hotspot funding. Senate Health, Education, Labor and Pensions (HELP) Committee Chairman Lamar Alexander (R-TN) is seeking feedback on pandemic preparedness proposals

## Congress

- + **House Democrats Present an Ambitious Summer Agenda.** The Democratic leadership of the House of Representatives has outlined legislative goals they hope to accomplish before the scheduled August recess. House Majority Leader Steny Hoyer (D-MD) has said that the chamber will vote in July on legislation to expand the Affordable Care Act to mark the law's 10<sup>th</sup> anniversary (March 24, 2020). The chamber will also vote this month on the [Justice in Policing Act](#), which follows nationwide protests against racism and police brutality. Hoyer also wants to advance an infrastructure package, annual appropriations bills, and additional coronavirus (COVID-19) relief legislation. The House is currently scheduled to conduct remote committee work until June 25, giving lawmakers only a few weeks to complete this ambitious agenda. The GOP controlled Senate is also focused on assembling law enforcement reform legislation, but Majority Leader Mitch McConnell (R-KY) has said the Senate will not take up another COVID-19 relief package before the July 4 recess, setting up a critical two-week period at the end of July when both chambers will be in session. Expect negotiations on these various proposals to ramp up in the coming weeks.
- + **HELP Committee Chairman Released White Paper on Pandemic Preparedness.** The [white paper](#) from HELP Committee Chairman Lamar Alexander (R-TN) includes a number of recommendations for the country to prepare for the next pandemic, including accelerated research and development of tests and treatments, expanded disease surveillance, increasing surge capacity, improving public health capabilities, and improving interdepartmental coordination. Chairman Alexander is [seeking feedback](#) on proposals that Congress can consider and act on this year. Responses are requested by June 26, 2020.

## Administration

- + **HHS Announced Provider Relief Fund Distributions for Medicaid, Safety Net and Hotspot Providers.** The Department [will distribute](#) approximately \$15 billion to Medicaid providers who did not previously receive payments from the Fund's \$50 billion General Distribution. Providers must apply through an online [portal](#) by July 20, 2020. The [application form](#) requires significantly more information from Medicaid providers than HHS required from Medicare fee-for-service (FFS) providers, including calculating lost revenues due to COVID-19, payer mix information, and any other funding received through the Paycheck Protection Program. In addition, HHS allocated \$10 billion to “safety net” hospitals and another \$10 billion to hospitals in “hotspots” (areas highly affected by the COVID-19 outbreak). HHS previously allotted \$12 billion to hotspot hospitals on May 1, 2020. More details on this distribution are available in these [frequently asked questions](#). With this distribution, HHS has committed approximately \$112.6 billion from the Fund, with \$62.4 billion remaining available to be distributed. Even with these announcements, lawmakers are still pushing for additional distributions. Bipartisan leadership of the Senate Finance and House Energy and Commerce committees sent a [letter](#) commending the Medicaid distribution but urging HHS to provide additional funds for providers who rely on the program.

- + **CMS Released New Guidance on In-Person Care.** The Centers for Medicare and Medicaid Services (CMS) issued guidance for [healthcare facilities](#) and [patients](#) in states that have moved to Phase II of the Administration's [Guidelines for Opening Up America Again](#). During Phase II, CMS recommends that facilities resume non-emergent but clinically necessary care, while maintaining separate zones for screening and treatment of COVID-19 patients. Providers are instructed to prioritize care for at risk-populations and care that, if deferred, would cause harm for the patients. In its guidance for patients, CMS calls for individuals to resume necessary care while practicing virus mitigation strategies and utilizing virtual visits. As healthcare facilities reopen, stakeholders will need to continue to communicate the facts on the ground about recovery to lawmakers and the Administration.
- + **CMS Announces Second Cohort for Direct Contracting Model.** As part of the [payment model flexibilities](#) announced last week in response to COVID-19, CMS announced that the first performance year of the [Direct Contracting](#) model for the Professional and Global options will now begin April 1, 2021, and a second cohort will begin January 1, 2022. The adjusted timeline affords stakeholders additional time to assess the model and to make participation decisions, as well as to share feedback with CMS and the Center for Medicare and Medicaid Innovation about the model design. By moving ahead with the model in 2021, the Administration retains momentum for the movement to value-based care and capitation. The COVID-19 pandemic has exposed the flaws and economic risks inherent in the FFS system as volume fell, and many provider organizations faced serious financial shortfalls. Models like Direct Contracting, which include capitated payment of some amount of funding, may become more attractive as organizations evaluate the lessons learned from COVID-19 and prepare for the future of healthcare delivery and reimbursement. We outline key considerations for entities considering participation in the Direct Contracting model [here](#).
- + **ONC Seeks Feedback for Electronic Health Record Reporting Program.** The 21st Century Cures Act directed HHS to establish a new [Electronic Health Record \(EHR\) Reporting Program](#). The Office of the National Coordinator for Health IT (ONC) contracted with the Urban Institute to develop the program. The EHR Reporting Program will provide publicly available, comparative information on certified health IT products that will inform health IT users' purchasing and implementation decisions. The program will reflect developers' and voluntary end users' reporting of comparative information on certified health IT. This [60-day public feedback period](#) focuses on the draft voluntary user-reported criteria.

## States

- + **Missouri, Oklahoma Will Vote on Medicaid Expansion This Summer.** This week, a Missouri appeals court ruled that the state's referendum to expand Medicaid could remain on the ballot in the state's primary election this August, rejecting the argument from conservative groups that the measure violates the state constitution. If approved, the Missouri referendum would expand Medicaid to individuals with incomes up to 138% of the federal poverty line (FPL) (currently, the income cap for non-disabled adults in Missouri is 22% of the FPL). Oklahoma also will vote at the end of June on a ballot measure to expand Medicaid. The vote comes as the state continues to seek CMS approval on a [Section 1115 demonstration waiver](#) that would establish a block grant funding structure for the state's Medicaid program and impose additional eligibility requirements. Oklahoma previously sought to expand Medicaid beginning July 1, 2020, coupled with the block grant proposal, but withdrew the expansion request last month, citing the increased costs resulting from COVID-19. The block grant proposal is still pending CMS approval, but could be rendered moot if the ballot measure passes. The ballot initiative would prohibit the state from imposing any additional restrictions on enrollment or eligibility, such as premiums or work requirements, which the 1115 demonstration proposal includes.

## Quick Hits

- + The [Senate Homeland Security and Governmental Affairs](#), [House Oversight and Reform](#), and [Senate Aging](#) committees held hearings on the government's procurement and distribution strategies in response to COVID-19, supporting essential workers, and combating isolation among seniors.

- + Chairman Chuck Grassley (R-IA) and Ranking Member Ron Wyden (D-OR) of the Senate Finance Committee sent a [letter](#) urging HHS to create a comprehensive public database of funds distributed to healthcare providers through the CARES Act.
- + Chairman James Clyburn (D-SC) [announced](#) the staff of the House Select Subcommittee on the Coronavirus Crisis.
- + A bipartisan group of more than 80 House members sent a [letter](#) to congressional leadership, calling for \$75 billion to fund testing and tracing of COVID-19 in the next relief package, with a focus on underserved communities.
- + Thirty bipartisan House members sent a [letter](#) urging HHS to distribute a portion of the emergency funding appropriated by Congress for COVID-19 testing directly to clinical laboratories.
- + HHS issued a [Request for Information](#) on the uses of data and public-private partnerships to strengthen the healthcare system. HHS will accept public comments through July 8, 2020.
- + HHS released a [fact sheet](#) on ways the government is working to address the disproportionate impact of COVID-19 on minority communities.

## M+ Resources

- + McDermottPlus Vice President Mara McDermott offers an update on CMS payment models and the value-based care movement on the latest episode of the [Health Policy Breakroom](#).
- + Find all McDermottPlus analysis related to COVID-19 on our [COVID-19 Resource Center](#).

**NEXT WEEK'S DIAGNOSIS:** The Senate HELP Committee will hold a hearing on lessons learned from expanding telehealth services during COVID-19.

For more information, contact [Mara McDermott](#), [Rachel Stauffer](#) and [Emma Zimmerman](#).

To subscribe to the McDermottPlus Check-Up, please contact [Jennifer Randles](#).



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