

## Summary of Key Updates

On April 18, Nebraska released a [Request for Proposals \(RFP\)](#) for payers to bid on its \$2 billion per year Medicaid program, Heritage Health. The state will award five-year contracts, with two annual renewal options, to two or three payers. Bids are due by July 1, and contracts will be awarded on August 19 with a July 1, 2023 effective date ([Health Payer Specialist](#), April 22).

On April 22, the Centers for Medicare and Medicaid Services (CMS) notified Texas officials that it [will no longer challenge](#) Texas's 1115 demonstration titled, "Texas Healthcare Transformation and Quality Improvement Program (THTQIP)." The 10-year waiver extension, approved during the final days of the Trump administration, was [revoked](#) last year when the Biden administration ruled that the previous administration inappropriately exempted Texas from the standard public notice process ([The Texas Tribune](#), April 22).

On April 20, CMS released its strategy for continuing to provide high-quality, affordable health care and advancing health equity across the Department of Health and Human Services (HHS). CMS wants health equity to be at the center of the work of all CMS centers and offices and provided recommendations on how to do so ([CMS](#), April 20).

From April 20 to April 27, CMS approved one Appendix K waiver and eight SPAs, two of which are COVID-19 disaster relief SPAs.

Sellers Dorsey experts, Leesa Allen (former PA Medicaid Director), Mari Cantwell (former CA Medicaid Director), and Gary Jessee (former TX Medicaid Director) share their insights and advice for those looking to improve the impact of value-based care on managed care procurement and oversight. [Access our latest video blog here.](#)

### Federal Updates

A proposed rule released by CMS on Friday would grant Medicare beneficiaries access to Part B coverage outside the normal open enrollment periods.

### State Updates

As of April 1, Tennessee has expanded postpartum coverage to pregnant individuals for a full year.

### Private Sector Updates

UnitedHealth Group has reached a \$2.2 billion agreement to sell the claims editing business of Change Healthcare, ClaimsXten, to TPG Capital, a private equity firm.

### Sellers Dorsey Updates

We are happy to be attending the HomeTown Health Spring Conference this week from April 26-29 and RISE Health's Managed Care Leadership Summit from April 26-27.

## FEDERAL UPDATES

### News

- On April 20, CMS released its strategy for continuing to provide high-quality, affordable health care and advancing health equity across HHS. CMS encourages health care leaders to also make commitments to address and advance health equity. CMS wants health equity to be at the center of the work of all CMS centers and offices, including all work with states, health care facilities, providers, payers, the pharmaceutical industry, and all other stakeholders. To do so, CMS advises each regional CMS Center and Office to include the following actions into their work:
  - Close gaps in health care access, quality, and outcomes
  - Promote culturally and linguistically appropriate services
  - Continue outreach efforts for enrollment
  - Expand and standardize the collection and use of data (including social determinants of health)
  - Evaluate policies to determine how CMS can support safety net providers
  - Continue engagement and accountability with communities served by CMS
  - Include screening for broader access to health-related social needs
  - Have CMS serve as a model in advancing health equity
  - Promote the highest quality outcomes for all individuals under the CMS National Quality StrategyCMS also announced that it will convene industry stakeholders in the Summer of 2022 to share best practices and commitments to improve and strengthen maternal health ([CMS](#), April 20).
- In efforts to address the opioid overdose epidemic, the Biden administration plans to increase access to Naloxone and make other harm reduction interventions consistent across states. The plan, however, does not switch Naloxone from prescription to over-the-counter status, which many lawmakers, medical groups, and harm reduction experts have called for and believe is integral to increasing Naloxone access. Currently, Naloxone is available only by prescription as an auto-injector or a nasal spray. The plan to addressing the opioid epidemic is part of the broader White House Drug Control Strategy. According to recent data from the Centers for Disease Control and Prevention (CDC), there have been an estimated 106,854 drug overdose deaths in the country in the 12 months ending in November 2021, a 15.6% increase from the previous 12-month period ([Inside Health Policy](#), April 21; [Reuters](#), April 21; [The Hill](#), April 21).
- According to a new report from the Center for Healthcare Quality and Payment Reform, Medicare payment reductions via sequestration will disproportionately affect small, rural hospitals due to revenue loss. The report highlighted that more than 600, or one third of rural hospitals in the country, will experience revenue loss due to sequestration and other combined factors of decreasing reimbursements from private insurers, declining COVID-19 relief grants, lower patient volumes, and higher operating costs. The sequestration, under the Pay-As-You-Go Act (PAYGO), reduced Medicare payments by 1% on April 1 and will scale up to 2% on July 1 with an additional 4% reduction expected for 2023. The Medicare sequester under PAYGO is expected to reduce rural hospital revenues by nearly \$230 million in 2022. Larger health systems would have more of a buffer as they can shift their resources to other payers and service lines ([Modern Healthcare](#), April 21).

### Federal Regulation

- A proposed rule released by CMS on Friday would grant certain Medicare beneficiaries' access to Part B coverage outside the normal open enrollment periods. Special enrollment periods for Medicare enrollees with exceptional conditions have not been offered previously. The five illnesses or circumstances that would be considered for special enrollment and help improve equity and access are the following:
  - Individuals impacted by an emergency or disaster.
  - Formerly incarcerated individuals.

- Individuals who were subject to a health plan or employer error that prevented them from enrolling.
- Individuals who need to enroll after their Medicaid eligibility is terminated.
- Individuals experiencing “exceptional conditions” (case-by-case basis).

Additionally, CMS proposed modernizing regulations regarding state payments for Medicare Parts A and B premiums for low-income individuals and expanding immunosuppressive drug coverage for kidney transplant patients without other insurance coverage ([Modern Healthcare](#), April 22).

## Studies and Reports

- The Government Accountability Office (GAO) released a [report](#) on scientific integrity and the need for HHS agencies to develop policies that prevent political pressure from influencing decisions on COVID-19. The GAO examined the Food and Drug Administration (FDA), CDC, the National Institutes of Health (NIH), and the Office of the Assistant Secretary for Preparedness and Response. Some agency employees who were interviewed expressed concern that political pressure could have altered public health guidance on COVID-19. Based on the reports’ findings, the GAO recommends agencies develop and document clear policies to maintain scientific integrity, including guidelines on how to report potential political influence. HHS agreed with the GAO findings and plans to send Congress an action plan addressing the recommendations in the next 180 days ([Inside Health Policy](#), April 21).
- *Health Affairs* released a [research article](#) using analyzed data from CMS and the Service Employees International Union (SEIU) on 13,350 nursing homes between June 8, 2020, and March 21, 2021. Data shows that unionized nursing homes had a 10.8% lower resident COVID-19 mortality rate and a 6.8% lower worker COVID-19 infection rate than non-unionized nursing homes. Healthcare worker unions were present in 16.8% (2,242) of the nursing homes examined and played an important role in advocating for workplace safety. Additionally, unionized facilities were found to have higher registered nurse staff-to-resident ratios and higher rates of Medicaid residents ([Modern Healthcare](#), April 21).

## STATE UPDATES

### Waivers

- Section 1115
  - On April 8, Minnesota submitted a [request](#) to amend its Section 1115 demonstration titled, “Minnesota Reform 2020.” The state seeks to add Community First Services and Supports as a benefit under its Alternative Care program and expand self-directed service options. CMS will accept public comments through May 25.
- Section 1915(c) Appendix K
  - [Maryland](#)
    - Temporarily extends the allowable billing timeframe and increases per diem rates for telephonic services under the Medical Day Care Services Waiver using American Rescue Plan (ARP) funds.

### SPAs

- Administrative SPAs
  - Louisiana ([LA-22-0004](#), effective February 1, 2022): Amends provisions governing Early and Periodic Screening, Diagnostic and Treatment to align with current practices.
  - New Mexico ([NM-22-0009](#), effective January 1, 2022): Adds coverage of routine patient costs associated with participation in qualifying clinical trials to conform with the new regulatory requirements of 1905(a)(30) and 1905(gg) of the Social Security Act.

- Wisconsin ([WI-22-0007](#), effective January 1, 2022): Provides attestation to coverage of usual and customary care for Wisconsin Medicaid beneficiaries participating in clinical trials as required by the Consolidated Appropriations Act of 2021.
- COVID-19 SPAs
  - Arkansas ([AR-22-0009](#), effective October 1, 2021): Authorizes lump sum payments to state plan home- and community-based services (HCBS) providers for services provided during the public health emergency (PHE), as described in Arkansas' approved Section 9817 spending plan. This time-limited COVID-19 SPA terminates at the end of the PHE.
  - Montana ([MT-22-0003](#), effective July 1, 2020): Temporarily adjusts staffing requirements, including staffing structure and required number of team members, for Montana Assertive Community Treatment and Program of Assertive Community Treatment to ensure services remain available. This time-limited COVID-19 SPA terminates at the end of the PHE.
- Payment SPAs
  - Maine ([ME-22-0002](#), effective July 1, 2022): Implements Maine's Primary Care Plus Program, intended to replace the three existing primary care programs in the state with a single simplified and integrated program.
- Service SPAs
  - Maryland ([MD-22-0007](#), effective January 1, 2022): Updates state plan language to comply with the amended section 1905(a)(30) of the Social Security Act, assuring coverage to eligible Medicaid participants for routine patient costs for otherwise covered items and services resulting from a qualifying clinical trial.
  - North Dakota ([ND-22-0003](#), effective January 1, 2022): Amends the state plan to assure coverage of items and services furnished in connection with a qualified clinical trial.

## News

- Since January 1, 25 statehouses have introduced bills targeting childhood immunization requirements. Many of the proposed bills, though unlikely to gain traction, open new pathways for exemptions from longstanding vaccine requirements. Vaccine advocates contend that the similarity of these bills from state to state signifies a coordinated effort to dismantle public health infrastructure surrounding vaccines ([Kaiser Health News](#), April 21).
- On April 18, Nebraska released a [Request for Proposals \(RFP\)](#) for payers to bid on its \$2 billion per year Medicaid program, Heritage Health. The state will award five-year contracts, with two annual renewal options, to two or three payers. This round of procurement will require prospective payers to provide dental benefits to their enrollees, a change from the previous procurement cycle. Bids are due by July 1, and contracts will be awarded on August 19 with an effective date of July 1, 2023 ([Health Payer Specialist](#), April 22).
- As of April 1, Tennessee has expanded postpartum coverage to pregnant individuals for a full year. A key aspect from Governor Lee's original proposal, oral health care, was included in the expanded coverage and is thought to help ensure healthy pregnancy and maternal outcomes. In Tennessee, Black women are four times as likely to suffer a pregnancy-related death than white women, with preeclampsia and eclampsia being the leading causes of death. Access to quality care throughout the pregnancy and postpartum process is a key factor in reversing these trends for all women, but particularly Black women in Tennessee ([Tennessean](#), April 21).
- On April 22, CMS notified Texas officials that it will [no longer challenge](#) Texas's 1115 demonstration titled, "Texas Healthcare Transformation and Quality Improvement Program (THTQIP)." The 10-year waiver extension, approved during the final days of the Trump administration, was [revoked](#) last year when the Biden administration ruled that the previous administration inappropriately exempted Texas from the standard public notice process. The recent announcement from CMS cites limited federal government

resources in its rationale for rescinding the challenge, conclusively extending the waiver through 2030 and ending the litigation ([The Texas Tribune](#), April 22).

- North Carolina has announced plans to submit a state plan amendment (SPA) that will extend its Medicaid postpartum coverage from 60 days to one year. The process of submitting a SPA to extend coverage was created under the ARP and was launched April 1. The Biden administration has already approved SPAs from two states (Louisiana and Michigan) under the new pathway. Currently, 10 states and Washington D.C. have extended postpartum coverage to one year: California, Indiana, Kentucky, Maine, Minnesota, Oregon, New Mexico, South Carolina, Tennessee, and West Virginia ([Inside Health Policy](#), April 21).

## PRIVATE SECTOR UPDATES

- On April 20, HHS released its first quarterly [report](#) on mergers and acquisitions among hospitals and skilled nursing facilities (SNF) tracked through the CMS Provider Enrollment, Chain, and Ownership System (PECOS). The report reveals that of the 347 transactions recorded between 2016 and 2021, mergers and acquisitions were more common in medium- and larger-sized hospitals, hospitals with low profit margins, and long-term care hospitals. The report demonstrates substantial variation between states but uncovers that more hospital transactions occurred in the south. The report also reveals that nearly two-thirds of nursing home acquisitions that occurred during the measure period were purchased by a single owner ([Modern Healthcare](#), April 20).
- With the expectation that Medicaid eligibility redeterminations will begin toward the end of summer, Anthem released a statement to investors stating that they expect to recapture approximately 20% of current Medicaid enrollees in the company's exchange products. Anthem's renewed focus on the exchanges comes from their expansion of offerings in 14 states. Anthem reported an 86.1% medical loss ratio for Q1, which was still above normal considering the combined costs of COVID and non-COVID care. Spending was highest in the commercial market, followed by Medicare, with Medicaid being the strongest performer ([Inside Health Policy](#), April 21).
- UnitedHealth Group has reached a \$2.2 billion agreement to sell the claims editing business of Change Healthcare, ClaimsXten, to TPG Capital, a private equity firm. The sale comes after UnitedHealth Group and Change decided to extend the closing date of their \$8 billion merger till December 31 due to a lawsuit brought by the Department of Justice on antitrust claims ([Reuters](#), April 25).

## SELLERS DORSEY UPDATES

- Sellers Dorsey experts, Leesa Allen (former PA Medicaid Director), Mari Cantwell (former CA Medicaid Director), and Gary Jessee (former TX Medicaid Director) share their insights and advice for those looking to improve the impact of value-based care on managed care procurement and oversight. [Access our latest video blog here.](#)
- We are pleased to be part of the HomeTown Health Spring Conference as well as the RISE Health's Managed Care Leadership Summit – both taking place this week. The team is thrilled to connect with others in this space to share ideas and gain new insights on ways to improve health care for Medicaid populations. Look for us at both events, and stop by our booth at the HomeTown Health Spring Conference to meet our team.
- Sellers Dorsey is proud to sponsor the [21<sup>st</sup> Norton Children's Hospital Foundation Golf Outing](#) on May 2 to raise funds for Norton Children's Hospital. This event expands access to care for all children and aligns with our mission to make a positive impact in health care.

