

Summary of Key Updates

In anticipation of the Medicaid redetermination process, the Department of Health and Human Services (HHS) and the Centers for Medicare and Medicaid Services (CMS) asked the Federal Communications Commission (FCC) to allow federal, state, and local staff to contact enrollees through text or phone call without violating the Telephone Consumer Protection Act. The FCC opened a public comment period on May 3, with comments due by May 17 ([Inside Health Policy](#), May 5).

The Food and Drug Administration (FDA) has decided to restrict the use of the Johnson & Johnson (J&J) COVID-19 vaccine to only adults who cannot receive a different vaccine or specifically request the J&J vaccine ([Politico](#), May 5; [Modern Healthcare](#), May 5).

Centene announced it has both won new business and held onto an existing contract in Missouri. The payer won a new, single-source contract to provide health coverage for children in foster care while maintaining its contract to provide Medicaid managed care services ([Health Payer Specialist](#), May 9).

On May 6, CMS approved South Carolina and Tennessee State Plan Amendments (SPAs) to extend Medicaid postpartum coverage from 60 days to 12 months effective April 1, 2022 ([Medicaid.gov](#), May 6; [Inside Health Policy](#), May 6).

From April 28 to May 10, CMS approved one Appendix K waiver and 11 SPAs, one of which is a COVID-19 disaster relief SPA.

Together, health care providers and local organizations can improve community buy-in and health outcomes. Our recent article explores how to facilitate this coordination. [Check it out to see what a past Medicaid director and a past health care executive think.](#)

Federal Updates

A subcommittee of the Senate Commerce Committee met on May 5 to discuss pharmacy benefit managers and the pharmaceutical marketplace.

State Updates

On May 6, Arizona Governor Doug Ducey (R) signed HB 2144 into law, requiring health insurers and the state's Medicaid plan to pay for biomarker tests that are needed for many modern cancer treatments.

Private Sector Updates

A new initiative from Sentara Health Plans is opening community clinics in Virginia and North Carolina to provide services to Medicaid beneficiaries and the uninsured that will be operated by Virginia Premier and Optima Health.

Sellers Dorsey Updates

We are happy to be attending the Annual Rural Health Conference in Albuquerque, NM this week!

FEDERAL UPDATES

News

- A subcommittee of the Senate Commerce Committee met on May 5 to discuss pharmacy benefit managers (PBMs) and the pharmaceutical marketplace. During the meeting, Senators claimed PBMs are a key factor in drug price inflation and excessive pricing due to an absence of competition within the industry and an overarching lack of transparency. The Biden administration issued a final rule regarding direct and indirect remuneration fees, but it is not scheduled to go into effect until 2024. Additionally, the Federal Trade Commission (FTC) has requested public input on the impact of PBMS on both physicians and businesses, and many states have started to take action to address problems with transparency within the pharmaceutical industry ([Fierce Healthcare](#), May 5).
- In anticipation of the Medicaid redetermination process, HHS and CMS asked the FCC to allow federal, state, and local staff to contact enrollees through text or phone call without violating the Telephone Consumer Protection Act (TCPA). HHS and CMS are asking the FCC to confirm that all government employees, contractors, and managed care entities would be immune from suits under TCPA. They believe states using automated texts and phone calls to communicate information about redetermination are permissible within the confines of the law since consumers provide their contact information when applying for coverage. HHS and CMS also argue that allowing employees and contractors to contact beneficiaries using these modalities would mitigate coverage losses. If these communication strategies are determined consistent with the TCPA, state and federal officials would consider incorporating them into future work. The FCC opened a public comment period on May 3, with comments due by May 17 ([Inside Health Policy](#), May 5).
- On May 3, the HHS Assistant Secretary for Planning and Evaluation (ASPE) Office of Health Policy released an [issue brief](#) on the impact of the pandemic on hospitals and the outpatient clinician workforce. Workforce shortages in the beginning of the pandemic were caused by furloughs and exacerbated by high turnover rates, burnout, and travel nursing costs. Additionally, workforce shortages are expected to get much worse by 2030 as the workforce ages and the number of teaching faculty decreases. ASPE projects that by 2025, 37 states will have a shortage of primary care physicians, and the shortage of nurses is expected to grow from 150,000 to 500,000 by 2030. Primary care providers, dentists, psychiatrists, and behavioral health providers are especially in short supply. The ASPE brief recommends better working conditions for staff, increased research capacity, and efforts to strengthen the paraprofessional workforce to alleviate some burden ([Inside Health Policy](#), May 5).

COVID-19

- The FDA has decided to restrict the use of the J&J COVID-19 vaccine to only adults who cannot receive a different vaccine or specifically request the J&J vaccine. The decision to limit the J&J vaccine comes after the FDA conducted an updated risk analysis which revealed J&J vaccine recipients have a risk of developing thrombosis with thrombocytopenia syndrome, a rare and possibly fatal combination of blood clots and low platelet counts, one to two weeks after receiving the vaccine. The J&J vaccine was initially approved in February 2021 for individuals 18 and older ([Politico](#), May 5; [Modern Healthcare](#), May 5).
- Despite the persistence of COVID-19 infections in the U.S., federal funding for COVID-19-related care for the uninsured is winding down. A \$20 billion federal testing, treatment, and vaccination program for the uninsured has terminated, public health emergency (PHE) related protections for Medicaid coverage will expire with the anticipated end of the PHE declaration later this year, and a special Medicaid coverage option funding COVID-19 specific care costs for the uninsured will also come to an end at the expected PHE termination later this year. A recent White House request for \$22.5 billion in COVID-19 priorities, which included an extension of COVID-19-related coverage for uninsured patients, along with a scaled-down version of the request, failed to advance in Congress ([Modern Healthcare](#), May 5).

Studies and Reports

- In a [Health Affairs study](#), researchers from Yale and Cornell Universities found significant numbers of Medicaid managed care beneficiaries are being treated by a small proportion of providers within the network. Researchers focused on claims, enrollee eligibility, and network directory data between 2015 and 2017 for approximately 22,000 Medicaid enrollees in Louisiana, Kansas, Tennessee, and Michigan. They found 25% of in-network primary care physicians provided 86% of care for beneficiaries, and large cohorts of providers treated very few Medicaid patients. Researchers recommended states increase their oversight of managed care plans and review administrative claims data more frequently to determine that access for all enrollees is sufficient ([Health Payer Specialist](#), May 6).
- On May 4, ASPE published findings from a COVID-19 vaccine cost-savings study. ASPE researchers concluded that COVID-19 vaccinations saved \$2.6 billion in Medicare spending due to reduced hospitalizations during the first five months of 2021, cutting Medicare beneficiaries' out-of-pocket costs by an estimated \$207 million. ASPE notes the savings estimates are conservative, as the analysis did not include physician services and post-acute care calculations, and that some of the savings may go to plans instead of beneficiaries. ASPE notes Medicare members will likely reap more benefits from vaccine-related cost savings in the coming years, as future savings will likely be incorporated into Medicare Advantage (MA) bids and benchmarks ([Inside Health Policy](#), May 5).

STATE UPDATES

Waivers

- Section 1915(c) Appendix K
 - [New York](#)
 - Delays implementation of certain rate reducing provisions for the Office for People with Developmental Disabilities and the Comprehensive Home and Community Based Services (HCBS) Waiver until six months after the termination of the PHE.

SPAs

- Administrative SPAs
 - District of Columbia ([DC-22-0002](#), effective January 1, 2022): Provides assurance for the coverage of routine patient costs incurred during qualified clinical trials as required by section 210 of the Consolidated Appropriations Act of 2021.
 - Hawaii ([HI-22-0004](#), effective January 1, 2022): Provides assurance for the coverage of routine patient services and costs associated with participation in qualifying clinical trials, as required by section 210 of the Consolidated Appropriations Act of 2021.
 - Illinois ([IL-22-0005](#), effective January 1, 2022): Implements Sections 1905(a)(30) and 1905(gg) of the Social Security Act, which require coverage of routine patient costs associated with participation in qualifying clinical trials.
 - Iowa ([IA-22-0005](#), effective January 1, 2022): Provides assurance for the coverage of routine patient services and costs associated with participation in qualifying clinical trials, as required by section 210 of the Consolidated Appropriations Act of 2021.
 - Nevada ([NV-22-0007](#), effective January 1, 2022): Provides assurance for the coverage of routine patient costs furnished in connection with participation in qualifying clinical trials, as required by section 210 of the Consolidated Appropriations Act of 2021.
- COVID-19 SPAs
 - West Virginia ([WV-22-0006](#), effective April 1, 2021): Increases payments for personal care services, private duty nursing, and behavioral health services using American Rescue Plan Act Section 9817 funds and authorizes a payment increase for the administration of in-home COVID-

19 vaccinations to beneficiaries who are homebound or otherwise hard-to-reach. This time-limited COVID-19 SPA terminates at the end of the PHE.

- Payment SPAs
 - Arkansas ([AR-22-0003](#), effective July 1, 2022): Establishes annual limits of \$500 on radiology and diagnostic laboratory services.
- Service SPAs
 - California ([CA-17-0041](#), effective January 1, 2018): Amends the Alternative Benefit Plan (ABP) to restore comprehensive adult optional dental benefits, subject to medical necessity and utilization controls, for eligible adults. This SPA aligns the ABP with the restoration of adult optional dental benefits in the state plan.
 - Oklahoma ([OK-22-0020](#), effective September 1, 2022): Updates the frequency of Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) dental oral prophylaxis services from every 184 days to every six months.
 - South Carolina ([SC-22-0004](#), effective April 22, 2022): Provides continuous eligibility to pregnant individuals who were eligible and enrolled under the state plan while pregnant (including during a period of retroactive eligibility) through the last day of the month in which a 12-month period (beginning on the last day of pregnancy) ends.
 - Texas ([TX-22-0005](#), effective February 1, 2022): Allows for the coverage and payment of physician services delivered through an audio-only platform consistent with changes to state law meant to further the use of telemedicine and telehealth.

News

- On May 6, CMS approved South Carolina and Tennessee SPAs to extend Medicaid postpartum coverage from 60 days to 12 months effective April 1, 2022. The extension would provide coverage to an estimated 16,000 and 22,000 pregnant and postpartum individuals in South Carolina and Tennessee respectively. South Carolina will offer coverage through Medicaid and Tennessee will provide coverage through a separate CHIP program. To date, 13 states implemented the 12-month extension. Medicaid covers 42% of all births in the U.S. ([Medicaid.gov](#), May 6; [Inside Health Policy](#), May 6).
- On May 6, Arizona Governor Doug Ducey (R) signed [HB 2144](#) into law, requiring health insurers and the state's Medicaid plan (AHCCCS) to pay for biomarker tests that are needed for many modern cancer treatments. The bill passed with overwhelming legislative support and was backed by major hospitals, the American Cancer Society, and several pharmaceutical and testing companies. Biomarker testing is a critical step in assessing precision cancer treatments and allows doctors to better target cancers and improve quality of life and survival rates ([Modern Healthcare](#), May 6).
- Florida Agency for Health Care Administration (AHCA) sent a letter to the Food and Drug Administration (FDA), pressing the FDA on its inaction towards implementation of the Section 804 Importation Program (SIP). SIP allows states to import prescription drugs from Canada, potentially saving them millions of dollars in drug spending. AHCA submitted a SIP application in December 2020 and has invested more than \$40 million toward the infrastructure required to start importing drugs however, the application is still pending final approval from the FDA. The AHCA letter also criticized the FDA for delaying its review of SIP proposals and lack of transparency ([Politico](#), May 5).
- State employees in Virginia will be expected to return to the office full-time no later than July 5 to boost “creative, effective, and innovative solutions” for Virginians, according to Governor Youngkin’s (R-VA) new telework policy. Most state employees have worked remotely since 2020, but under Youngkin’s new policy, individuals will need to request exemptions for health reasons and/or personal considerations and senior administration will have to sign off on such exemptions ([The Washington Post](#), May 5).

PRIVATE SECTOR UPDATES

Providers

- Disproportionate share hospitals, rural referral centers, and sole community hospitals expect to lose a median of \$2.2 million a year because of restrictions on 340B discount limits, with critical access hospitals expecting to lose a median of \$448,000 a year. Fourteen pharmaceutical companies now place limits on 340B discounts, and many providers will be forced to decrease adjustments or make cuts, negatively impacting patient care services and the ability to address social determinants of health ([Modern Healthcare](#), May 5).
- Twelve hospitals across the country are scaling back services for various reasons, including financial and staffing challenges. The services being cut vary and include closing outpatient oncology services in the MetroWest Medical Center in Massachusetts, closing the emergency department and ending inpatient care at Atlanta Medical Center South, ending labor and delivery services in South Lincoln Medical Center in Wyoming, pausing inpatient adolescent mental health units at Allis Hospital in New York ([Becker's Hospital Review](#), May 5).

Insurers and Vendors

- A [new initiative](#) from Sentara Health Plans is opening community clinics in Virginia and North Carolina to serve Medicaid beneficiaries and the uninsured that will be operated by Virginia Premier and Optima Health. There will be community clinics, clinics embedded in affordable housing complexes, and a mobile health bus that will have the ability to treat patients with limited or no transportation ([Health Payer Specialist](#), May 9).
- Centene announced it has both won new business and held onto an existing contract in Missouri. The company won a new, single-source contract to provide health coverage for children in foster care. Centene will continue serving multiple plans through its subsidiary Home State Health, which has held a Missouri Medicaid contract since 2012. UnitedHealthcare and Anthem also secured contracts to administer Missouri's Medicaid managed care plans, which are expected to see shifts in enrollment due to recently expanded Medicaid eligibility in the state and the looming termination of the COVID-19 PHE declaration ([Health Payer Specialist](#), May 9).
- Many health insurers are focusing their attention on maternal health in their efforts to address racial and economic disparities in health care. Independence Blue Cross have created a plan to increase engagement with community organizations that work with Black and Brown mothers during pregnancy, postpartum, and through the loss of a child. Cigna has launched a "Social Determinants Index" to identify geographic areas of high economic and social disparities in maternal health. The United States has the highest maternal mortality rate among high-income countries ([Health Payer Specialist](#), May 9).
- Sarah Moyer, M.D., was chosen as the new Chief Medical Officer for Humana Healthy Horizons in Kentucky. Moyer previously held the titles of Director and Chief Health Strategist at the Louisville Metro Department of Public Health and Wellness and led efforts to navigate the city through the pandemic ([Health Payer Specialist](#), May 6).

SELLERS DORSEY UPDATES

- Together, health care providers and local organizations can improve community buy-in and health outcomes. Our recent article explores how to facilitate this coordination. [Check it out to see what a past Medicaid director and a past health care executive think.](#)
- We are happy to be attending the Annual Rural Health Conference in Albuquerque, NM this week! We're looking forward to collaborating with others in health care and Medicaid to improve outcomes for rural and tribal communities. We hope to see you there!

