The Daily Dish

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Just weeks after the Obama Administration penned a deal to lift long standing sanctions, the Iranian regime has announced it will begin to block United States products. According to the Washington Free Beacon, the new directive follows a letter from Supreme Leader Ali Khamenei urging for an "economy of resistance." AAF research found that the Iran Deal to lift sanctions would open $3.1 billion towards terror financing for Iran.

The Keystone XL pipeline may be delayed indefinitely by a request from the building company TransCanada. According to the Wall Street Journal, "In a letter, TransCanada Corp. asked the State Department, which reviews cross-border pipelines, to suspend its application while the company goes through a state review process in Nebraska it had previously resisted." The move is likely a chance to avoid a potential rejection from the White House. AAF has found that since TransCanada first applied to build the pipeline, the U.S. has lost $175 billion in revenue.

Senators Orrin Hatch and Lamar Alexander are opening an investigation into how half of the Obamacare co-ops have failed. To date, the quickly failing program has given $2.3 billion to startup insurers. The letter to CMS asked why "The CO-OPs are not living up to their expectations," as well as how the federal government could go about collecting the lost money.

Eakinomics: Home Health Update

Americans prefer to receive many health services and long-term care services in the comfort of their own homes. And it is a good idea to keep seniors out of the hospital, as they tend to become sicker during inpatient stays. As technology develops, regulatory barriers are overcome and markets are more effectively deployed, it is sensible to expect the migration of services to the home. Already, home health services have been a promising element of improving veterans' care and can be part of a best-practices approach to Medicare and Medicaid.

Nevertheless, it is important to continually modernize the social safety net programs to ensure that they are positioned to meet the future need for home health services. One strategy for doing so is to migrate the entire Medicare system toward something like premium support; i.e., delivering care in a comprehensive fashion with incentives to minimize costs while meeting quality objectives. In such a system, there are built in incentives to find the best setting for care, like in the home.

Alternatively, one can transition the fee-for-service system away from pure reimbursements to providers based on services delivered. The Center for Medicare and Medicaid Services (CMS) is in the midst of such an effort. This effort is aimed at introducing Value Based Purchasing (as an aside, why would you have any other kind of purchasing?). The CMS proposal is to withhold a fraction of reimbursement payments, and distributing these as a reward for home health agencies that provide the highest value. There has been some dispute about the right fraction because the home health industry operates on very thin margins and cuts can lead to job loss and agencies closing, especially in rural and underserved communities. In the end, CMS settled on a 3 percent VBP withholding, in addition to a 1.4 percent payment cut.

The CMS rule is a minor step forward in the utilization of home health. Look for much more in the years to come.

Fact of the Day

There is another employer mandate which would tax employers up to $36,500 a year per employee for offering employees money to choose their own insurance rather than buying it for them directly.