



**New Congress, New Opportunities:**  
***Public Sector Purchasers and the 2019 Policy Environment***

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# OUTLINE

- Policy and Advocacy Approach of the Public Sector Health Care Roundtable
- Policy and Political Context for Public Sector Purchasers
  - Overall context
  - Issues of Interest
- Future Roundtable Policy Activity and Questions



- **Policy and Advocacy Approach of the Public Sector Health Care Roundtable**

# PUBLIC SECTOR HEALTHCARE ROUNDTABLE PRIORITIES

## *What We Believe*

The members of the Public Sector HealthCare Roundtable have a long-term commitment to maintaining programs that enable public workers, retirees, and their families to obtain high-quality health benefits at a cost that is affordable and sustainable for the workers, their families, and their employers. It is our belief that national health care policies should advance innovative proposals to constrain costs, increase value, and improve quality and efficiency in the health care delivery system.

# **ROUNDTABLE POLICY PRIORITIES**

## **WE SUPPORT...**

### **■ Health System Innovation, Sustainability, and Access to Coverage**

- We support efforts to constrain health care cost growth and ensure the sustainability of insurance markets, including access to affordable health care coverage for all and the promulgation of innovative payment models based on value and quality, rather than volume.

### **■ Pharmaceutical Cost Containment Issues**

- We support congressional and the regulatory efforts to establish and sustain greater competition in the pharmaceutical – and especially the biopharmaceutical -- marketplace.

### **■ Health Care Quality and Improved Outcomes**

- We support the further development of quality measures, and particularly those in high-impact areas such as the complex chronically ill and those individuals that are functionally limited.

### **■ Innovation in Care Delivery in Public Programs**

- We support innovative care delivery models that allow those with complex needs in public programs, such as Independence at Home, and those individuals nearing the end of life to receive care in the home setting.

## ROUNDTABLE POLICY ACTIVITIES

- **Monitoring Legislative Activity**
  - Monitor, provide analysis, and inform Roundtable members of key federal legislation
- **Supporting/Opposing Key Legislation and Regulatory Actions**
  - Take positions on consensus-based issues and publicly support/oppose if/when necessary
- **Engaging/Collaborating with Allied Stakeholders**
  - Work alongside and in collaboration with allied stakeholders, including consumers and other health care purchasers
- **Engaging/Collaborating with Roundtable Members**
  - Engage members and promote innovative purchasing initiatives as well as data



## ■ **Policy and Political Context for Public Sector Purchasers**

- Overall context
- Issues of Interest

**IMPORTANT MANDATE:**  
***HEALTH CARE AND THE MID-TERM ELECTION***

## **‘Midterm exit polls: Health care is top issue for voters’**

‘A plurality of 41 percent identified health care as the issue most important to their vote, which Democrats made the centerpiece of their campaign in races throughout the country.’

‘Asked which party would better address Americans with pre-existing conditions, 58 percent said Democrats versus 34 percent who said Republicans.’

### ***‘ECONOMY TAKES BACK SEAT***

‘The set of issues voters prioritized this year looked very different than exit polls of past elections, where the economy was typically a larger focus.’

*-<https://www.nbcnews.com/politics/elections/midterm-exit-polls-2018-n932516>, Accessed 11/7/18*

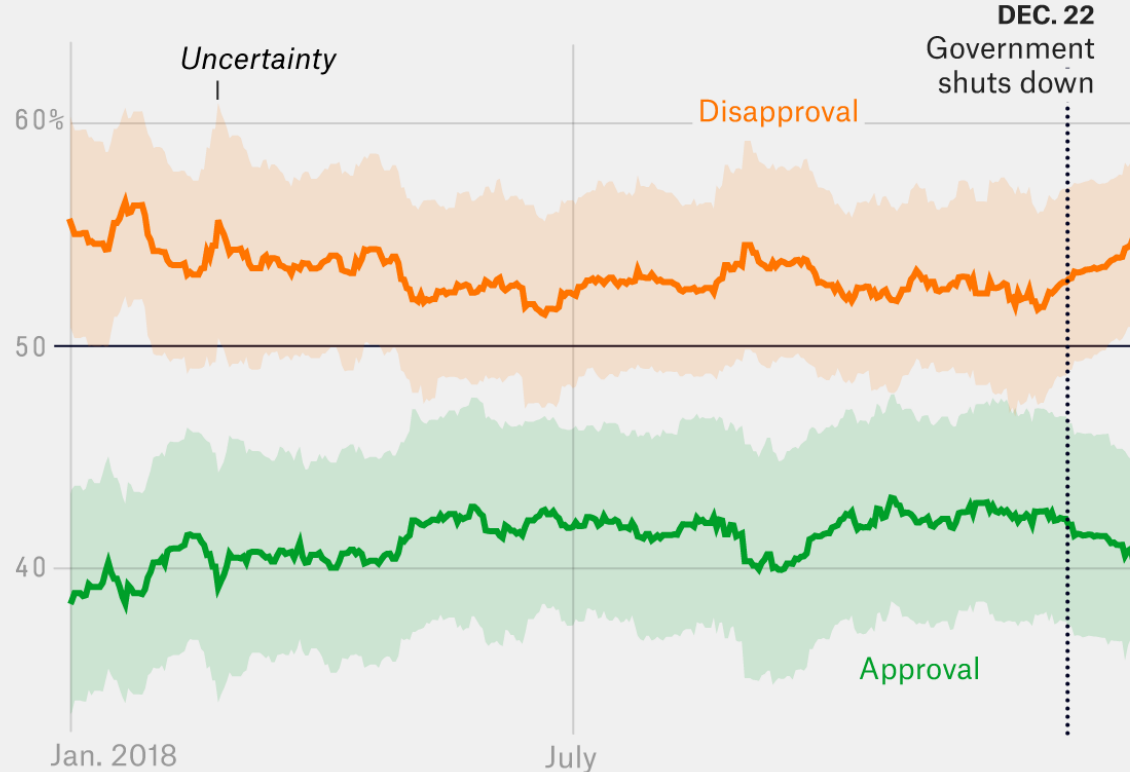




# NOTABLE STATISTIC: TRUMP APPROVAL RATING DROPPING



**Opinion of Trump has changed since the shutdown**  
Trump's approval and disapproval ratings since taking office



Disapprove: 54.9%

Approve: 40.2%

# KEY HEALTH CARE POLICY ISSUES

## Committees Organizing

### Senate Finance

Committee Chair: Chuck Grassley (R-IA)  
Ranking Member: Ron Wyden (D-OR)

### Health, Education, Labor & Pensions

Committee Chair: Lamar Alexander (R-TN)  
Ranking Member: Patty Murray (D-WA)

### Energy & Commerce

Committee Chair: Frank Pallone (D-NJ)  
Ranking Member: Greg Walden (R-OR)

### Ways & Means

Committee Chair: Richard Neal (D-MA)  
Ranking Member: Likely Kevin Brady (R-TX)

Subcommittee on Health Chair: Anna Eshoo (D-CA)  
Subcommittee Ranking Member: Michael Burgess, M.D.  
(R-TX)

Subcommittee on Health Chair: Lloyd Doggett (D-TX)  
Subcommittee Ranking Member: Devin Nunes (R-CA)

# KEY HEALTH CARE POLICY ISSUES

## *Overarching Issues to Watch*

- Reform the reform: Changes to the *Affordable Care Act*?
- **House oversight hearings** on the Trump administration's recent ACA regulations and guidance that could weaken the insurance marketplaces are inevitable with shift in leadership.
- Addressing the **soaring cost of drug prices has already begun to take center-stage.**
- More visible efforts by progressive Democrats in the House to advance **Medicare-for-all/Single Payer/Public plan concepts.**
  - Efforts will likely be high-level, for example, with hearings and roundtables with health system stakeholders rather than pursuit of specific legislation.

## KEY HEALTH CARE POLICY ISSUES *Affordable Care Act – In Focus*

- Congressional narrative will now shift from dismantling the ACA to a **more pragmatic dialogue** about how to maintain and stabilize the individual market.
- **Bipartisan Legislation.** Key question is whether bipartisan legislation to shore-up insurance markets will be revived (Alexander-Murray).
- **The Courts.** The courts, however, are the branch of government with the potential this year to create the greatest role in ACA reforms/changes.
  - The 5th circuit Court of Appeals in New Orleans will decide – most likely during the 3rd quarter – whether to uphold a decision last month by U.S. District Court Judge Court Judge Reed O’Connor to declare the Obama health law coverage requirement unconstitutional and invalidate the rest of the law that uses federal financing and regulation to cover 20 million Americans.
  - Legal community agrees very little chance law will be overturned, but situation has created uncertainty and will dominate narrative over next several months.

## KEY HEALTH CARE POLICY ISSUES

### *Drug Pricing*

- Addressing the **soaring cost of drug prices** has already begun to take center stage.
- The Trump administration will likely move without Congress this year on Medicare drug pricing proposals, and the extended shutdown could slow or halt the introduction of drug pricing and other regulations.
- Congress will play an important role, but policy action will likely be at Administration level.

# KEY HEALTH CARE POLICY ISSUES

## *Drug Pricing (cont'd)*

- **PBM Reforms.** The Administration will likely make public a proposed regulation to revise the rules of negotiating drug price discounts by PBMs and the insurers who own or contract with them (under review at OMB since July).
  - The administration may also include in the regulation a proposal to require PBMs to share rebates through lower patient co-insurance or deductible payments.
- **Part B Reforms.** The Administration will also likely put into proposed form during the first half of year a proposal to peg prices for certain Medicare Part B drugs to reimbursement in OECD countries.
  - Trump administration set forth the proposal in a “prerule” or prelude to formal proposed regulation, and public comments have begun trickling in to CMS in response to the idea
  - NOTE: MedPAC said the international pricing index (IPI), “while laudable in its goal of reducing prices, has several structural features that hamper its feasibility.”

## KEY HEALTH CARE POLICY ISSUES

### Drug Pricing (cont'd)

- **Protected Classes.** The Administration will likely finalize a proposal to exclude certain drugs in currently protected classes under Part D formularies if prices rose faster than inflation/allow for utilization management.
- **DTC.** Administration will also likely require drug makers to show cost for their medicines in direct-to-consumer television advertising.
- **Chairman Grassley.** Trump and maybe Democrats have a potential powerful Republican ally on drug pricing in the Senate: Charles Grassley of Iowa, chairman of the Finance Committee.
- **Potential for Compromise?** *CREATES Act? Reimportation? Lower copays for generics for low-income beneficiaries?*

# KEY HEALTH CARE POLICY ISSUES

## Drug Pricing

*“For years, drug companies have been aggressively increasing prices on existing drugs and setting higher launch prices for new drugs while recording windfall profits. The goals of this investigation are to determine why drug companies are increasing prices so dramatically, how drug companies are using the proceeds, and what steps can be taken to reduce prescription drug prices.” –Rep. Elijah Cummings*



Chairman Elijah Cummings (D-GA)



Secretary of HHS Alex Azar



# KEY HEALTH CARE POLICY ISSUES

## *Health Care Taxes*

- Key issue will be whether Congress and President Trump will extend the current moratoriums on the health insurance fee and the 2.3% medical device taxes, as well as the Cadillac Tax.
- **Timing/Process.** The length of the partial government shutdown – now in its 27th day surpassing the 21-day record in 1995-1996 – might complicate efforts to extend the health insurance fee moratorium if the stalemate carries into February and/or March.
  - The industry says the deadline for doing so is April, because insurers are required to submit bids in May-June for exchanges.
  - Bids subject to change into August however, so the deadline for relief more likely late Summer.
- **HIT.** The moratorium on the HIT, which raises more than \$14 billion annually and is assessed based on insurer premium market share, will likely be extended by Congress and Trump for at least 2020 in time to adjust premiums, but not certain.
  - The moratorium extension needs a legislative vehicle – the most likely being a spending bill but possibly part of a health bill moving later in the year.

## KEY HEALTH CARE POLICY ISSUES *Health Care Taxes (Cont'd)*

- **Cadillac Tax.** The 40% excise tax may ride the moratorium on other Obama health law taxes such as the health insurance fee and the 2.3% levy on medical device sales.
- **Politics Key.** If discussions between Democrats and Republicans deteriorate further as a result of the partial government shutdown and the Mueller investigation, could lead to a minimalist legislation session to keep government operations funded.
  - The 2020 presidential campaign, which is creeping into legislative decision making, might also hold hostage any policy making related to the Obama health law, including on the taxes.

# KEY HEALTH CARE POLICY ISSUES

## *Progressive Agenda*

- More visible efforts by progressive Democrats in the House to advance **Medicare-for-all/Single Payer/Public plan concepts** - efforts will likely be high-level, for example, with hearings and roundtables with health system stakeholders rather than pursuit of specific legislation.
- **Speaker Pelosi.** Pelosi supports holding hearings on "Medicare for all," marking a major step forward for supporters of a single-payer health system.
- **Progressive Supporters.** Rep. Pramila Jayapal (D-Wash.), the main sponsor of Medicare for All in the House, said last week that hearings would likely start in the Rules and Budget committees.
  - This would leave out the main committees with jurisdiction over the issue: Energy and Commerce and Ways and Means. The chairmen of those committees have not given their backing to Medicare for all, while the chairmen of Rules and Budget has. (Yarmuth)
- **Chairman Pallone (EnC).** "I've always been an advocate for Medicare for all or single-payer, but I just don't think that the votes would be there for that, so I think our priority has to be stabilizing the Affordable Care Act, preventing the sabotage that the Trump administration has initiated," Pallone said in November.



- Future Roundtable Policy Activity and Questions

## ROUNDTABLE ENGAGEMENT *HELP Committee Letter*



- Chairman Alexander letter to stakeholders December 2018 seeking recommendations on cost containment.
- Comments due March 1, 2019

## ROUNDTABLE POLICY ACTIVITIES

- Continue to monitor and educate about issues that impact public sector purchasers
- Engage – when appropriate – on key issues of concern (aka drug pricing, HIT, Cadillac Tax)
- Respond to Chairman Alexander HELP Committee stakeholder letter on cost containment
- Respond to Administration on drug pricing issues (January 2019)
- Legislative Forum – June 2019

**Thank you!**

**Questions?**

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