



Policy Brief

January 12, 2018



Top Health Care Predictions for 2018

Happy New Year! Tired of reading article after article on *Health Policy Predictions for 2018*? Let us sift through the noise so you don't have to. After reading projections from nearly 20 journals and policy think tanks, here are the top five health care predictions you should know:

- **Congress to continue Affordable Care Act overhaul.** Although a complete repeal of the Affordable Care Act (ACA) is doubtful, continued work on ACA revisions is likely. Regulations supporting President Trump's October [Executive Order](#) are still in the works, with agencies trying to meet the President's stated goals of increased choice and competition. Recently, the US Department of Labor [proposed a rule](#) that supports an increase in alternative insurance offerings like association health plans. The rule has the potential to [raise premiums](#) and [make coverage more difficult](#) for high-cost patients.
- **A call for increased Medicaid flexibility for states.** Medicaid was in the spotlight for much of 2017 and this year we will likely see the conversation continue with a push for greater state autonomy. While some states are calling for Medicaid expansion, others are exploring implementing beneficiary prerequisites such as [work requirements](#) and [drug testing](#). Yesterday, CMS [announced](#) new guidance for states wanting to add work requirements for their Medicaid enrollees. While intended to decrease state costs, [studies](#) have shown that work requirements can actually increase them. Recently, CMS also approved a Medicaid waiver for Mississippi, the first 10-year demonstration extension in the history of CMS. The waiver allows Mississippi to administer its Medicaid program without the need for obtaining routine approvals from CMS. We expect more Medicaid waiver approvals in the near future.

- **Insurers will respond to ACA individual mandate repeal.** Congress recently [repealed](#) the individual mandate in their tax bill. The repeal of the mandate, which penalized individuals without health insurance, may cause healthy people to feel more comfortable going without coverage. For insurance companies, this would make the pool of covered individuals sicker and more expensive to insure. In response to market uncertainty, insurers may begin to increase premiums or completely exit the Health Insurance Exchanges. The Congressional Budget Office [estimates](#) that average premiums may increase by roughly 10% each year. Maryland lawmakers have [proposed legislation](#) to replace the mandate on the state level. Several other states may pursue a similar path.
- **Funding reauthorized for the Children’s Health Insurance Program.** In December, Congress approved a [stopgap](#) that includes funding for CHIP through March 31st. In addition to this temporary fix, we are likely to see the full five-year funding granted in early 2018. Without the full funding extension, CMS predicts that many states will run out of funding as early as the end of January. CHIP has traditionally received bipartisan support, with Senate Finance Committee Chair Orrin Hatch (R-UT) and Ranking Democrat Ron Wyden (D-OR) [both expressing](#) that CHIP remains a top priority.
- **Renewed attention on prescription drug prices.** Scrutiny will intensify surrounding the sticker-price of prescription drugs. The White House has made it clear that corralling price hikes of prescription drugs is integral to their 2018 priorities. In his recent nomination hearing, HHS Secretary nominee Alex Azar stated that lowering the price of prescription drugs would be a [top area](#) of focus if he were confirmed. It remains to be seen if Mr. Azar will hold to these priorities, with critics expressing unease over his previous work as President of Eli Lilly, a pharmaceutical company accused of colluding to fix drug prices.



What You Should Know About the 340B Drug Discount Program

There has been a flurry of activity in Washington to reform the [340B](#) program. Recent growth in the program without proportional oversight caused the Trump Administration and the pharmaceutical industry to push for scaling back the program. With the latest being cuts of 28.5% to payments for 340B drugs, stakeholders are wondering what's next.

[Click](#) the image below to learn what events have happened, what is happening and what could happen surrounding the program.

| What Happened | What's Happening | What <i>Could</i> Happen? |
|---|--|--|
| <ul style="list-style-type: none"> Recent CMS rulemaking reduces Medicare payments for 340B drugs by a total of 28.5% beginning January 1, 2018. The Association of American Medical Colleges (AAMC), America's Essential Hospitals (AEH), the American Hospital Association (AHA) and other hospital systems filed an injunction to block the payment reduction. In December 2017, the injunction was rejected by a U.S. District Court Judge because it lacked standing due to the fact the cuts had not yet taken effect. | <p>Before the changes were enacted, 228 bipartisan members of Congress sent a letter to CMS opposing the proposed cuts. There are currently legislative efforts to reform the 340B program and stop the payment reduction. Two 340B bills have been introduced in the House of Representatives:</p> <p>H.R. 4392</p> <ul style="list-style-type: none"> In November, Rep. David McKinley (R-WV) introduced a bipartisan bill that if passed would nullify the 340B payment cuts mandated in the OPPS Final Rule. <p>H.R. 4710</p> <ul style="list-style-type: none"> On December 21st, Rep. Larry Bucshon (R-Ind.) introduced the 340B PAUSE Act, which seeks to make changes to the 340B program. The measure will impose additional requirements on certain 340B hospitals. | <p>The 340B reform is a recurring theme in Washington discussions. The Energy and Commerce Committee recently released a report identifying several weaknesses in the program's administration and oversight. Even if the payment reductions are blocked, reforming the program will be high on the legislative agenda. Future actions may include:</p> <ul style="list-style-type: none"> Additional efforts by the health care industry and lawmakers to prevent the mandated 340B payment cuts. Reforms surrounding the 340B program. These may include additional reporting requirements to improve transparency, use of contract pharmacies and redefining eligible hospitals and patients. |

Payment Models in 2018: A Shift in Policy?

Sen. Mark Warner (D-Virginia): "I hope we can realize that some of the pilots under the Center for Medicare & Medicaid Innovation (CMMI) may include mandatory models, a point on which we might have a disagreement... and we need to force more into the system."

HHS Secretary Nominee Alex Azar: "Senator, we actually don't disagree there."

During a [confirmation hearing](#) on Tuesday, HHS Secretary nominee Alex Azar noted that he was open to mandatory payment models if adequate data is not available under voluntary models. Azar's comment represents a shift from the Administration's 2017 policy. Last year, three mandatory bundled payments were cancelled and participation in the Comprehensive Joint Replacement (CJR) model was made voluntary for many hospitals. In a [Request for Information](#), the CMMI also called for more voluntary models.

On Wednesday, CMS [announced](#) the launch of a new voluntary bundled payment model called Bundled Payments for Care Improvement Advanced (BPCI Advanced). Based on Azar's comment, we can infer that the voluntary nature of BPCI Advanced and any new models may depend on whether participation is adequate. If confirmed as HHS Secretary, Azar will have to contend with CMS Administrator Seema Verma on the development of new payment models. In a confirmation hearing back in February, Verma expressed opposition to mandatory models. She stated, "we need to make sure we're not forcing, not mandating individuals to participate in an experiment, a trial that there's not consent around."