



Policy Brief

June 15, 2018



Cassidy's Push for Reform Falls Short

Last week, Senator Bill Cassidy released a [white paper](#) that includes multiple proposals to reduce health care costs. This includes increasing price transparency, eliminating the employer mandate and commissioning a study on social determinants of health. It is unlikely for any of these policies to pass due to Republicans' lack of appetite for addressing health care reforms before an election. However, the proposals may serve as a platform for Congress to revisit reforms to the ACA in the future. [READ MORE](#) for a breakdown of Cassidy's white paper.

Ideas to Make Health Care Affordable Again By Senator Bill Cassidy, M.D. (R-LA)		
Decreasing Drug Costs for Patients Costs	Lowering Health Insurance Premiums	Ending Health Care Monopolies by Increasing Competition
<ul style="list-style-type: none"> Allow U.S. purchasers to buy drugs off the international market when there is only one generic manufacturer. Prevent companies from buying product lines for one generic and then shutting all but one down to raise the price of the generic. This would prevent actions that are similar to Martin Shkreji raising the price on Daraprim by 5,000%. Prevent "evergreening" or creating minor, insignificant changes to extend the life of the patent. Evergreening allows pharmaceutical companies to keep costs high by preventing generics from entering the market. 	<ul style="list-style-type: none"> Support the Bipartisan Stabilization Act, which would have stabilized the U.S. individual insurance markets. This bill fell apart earlier this year. Combine the Medicaid expansion and the individual marketplace risk pools. This proposal is intended to protect against adverse selection in the marketplaces and keep the costs down. Discourage the use of short-term plans may incentivize healthy people to leave the marketplaces and increase adverse selection. 	<ul style="list-style-type: none"> Commission HHS to study geographic areas that are within a "health care monopoly." Cassidy argues that large urban health systems are taking advantage of the reimbursement structure to further encourage consolidation and reduce competition. Promote lower-cost settings of care, including the use of ambulatory surgery centers, free-standing ERs, rural emergency centers and physician-owned hospitals.
Empowering Patients to Reduce Their Health Care	Eliminating Administrative Burdens and Costs	Reducing Costs Through Primary Care, Prevention, and Chronic Disease Management
<ul style="list-style-type: none"> Increase the use of Health Savings Accounts (HSAs) by expanding the types of plans that are eligible. This a proposal with bipartisan support as it expands consumer-driven choice and access to affordable care. Increase price transparency for elective medical services. Cassidy believes this is key in lowering health care costs. 	<ul style="list-style-type: none"> Repeal the Employer Mandate. The repeal of the individual Mandate left the Employer Mandate still in place, along with its reporting requirements and penalties. Commissions HHS to pursue the goal of reducing administrative and regulatory costs by 10% including reforming the Meaningful Use Program and consolidating existing quality measures. Sites a report showing the US has higher spending on administrative costs than other developed countries. 	<ul style="list-style-type: none"> Commission a comprehensive study on social determinants of health and the disparities that exist within the system. In a Policy Podcast, Cassidy says research will help highlight disparities, build on previous research and fill gaps. Alter or remove the Medicaid Institutions for Mental Diseases (IMD) exclusion. The IMD prohibits the use of federal Medicaid financing for most mental health and substance use disorder patients.



President Trump's Reorganization of the Government

In response to the President's request to make the government more efficient, the Office of Management and Budget is set to release a proposal to reorganize the federal government. Included among the proposals is moving jurisdiction over the Supplemental Nutrition Assistance Program (SNAP) from the U.S. Department of Agriculture (USDA) to the Department of Health and Human Services (HHS). By placing all welfare programs under the same agency, the Administration would most likely implement work requirements across all programs. The plan is not a formal piece of legislation so the changes can't be enacted without Congressional approval. Keep reading to learn more about the plan.

The recommendation to move the SNAP program to HHS was included in the Heritage Foundation's [Blueprint for Reorganization](#). The conservative think tank has heavily influenced the Trump presidency thus far. Some conservatives may support this policy as it could lead to the implementation of work requirements in SNAP, which failed to pass with the Farm Bill earlier this year. HHS has already approved work requirements for Medicaid in several states. However, the reorganization could face opposition from Congress' Agriculture committees. SNAP makes up 69% of the USDA's budget, moving the program to HHS could mean the Agriculture committees would lose some of the clout that comes with a large appropriation.



From Gifted Hands to Gifted Plans? A Peek into Secretary Carson's Priorities

Dr. Ben Carson, Secretary of Housing and Urban Development (HUD), recently [discussed his views](#) on health, housing and self-sufficiency with the Bipartisan Policy Center. During the discussion, titled *Healthy Homes Equal Healthier Lives*, Carson called the intersection between housing and health “the perfect nexus” to boost Americans’ quality of life. Research [supports this](#), listing improving housing as an effective way to encourage positive health outcomes and decrease costs. Here’s a look at Carson’s thoughts on the path forward for HUD.

Wrap-around services are the best way to be effective. “Your home is the foundation of your security...we have to begin to think about how we provide nurturing, wholistic environments for our people.”

Eligibility requirements should be reevaluated to prevent perverse incentives. “Don’t punish for progress.” Carson calls for a reevaluation of rent structures and social programs that disincentivize marriage, partnership or wage raises.

Useful, portable data will be integral to HUD decision-making. “We’re talking about data sharing. We want to identify the areas that are most in need of services.” Carson hopes to use aggregate data from multiple sources to create targeted housing strategies and to share that data across departments.

Work requirements are a useful strategy when paired with skills training. When asked about his thoughts on work requirements, Carson answered, “it’s the wrap-around concept: giving people the skills that they need to climb the ladder of self-sufficiency. There are now more jobs than there are people looking for jobs. The problem is, a lot of those jobs are skilled jobs.”

A coordinated, simplified system is Carson’s ideal. “Bring the resources of our government together with nonprofits, faith-based communities and the private sector under a single roof to meet the need. The system now is so complex, I don’t think Einstein could work his way through.” HUD’s new [EnVision Centers](#) tries to do this, offering educational, job and health services.



President Trump Tells the Courts It Won’t Defend ACA Coverage Provisions

In response to a [lawsuit](#) brought by 19 Republican states against the Affordable Care Act (ACA), the Trump Administration [stated](#) that it will *not* defend the law’s provisions. Under the lawsuit states argued that the repeal of the ACA’s individual mandate invalidates consumer protections under the law, such as prohibiting insurers from charging higher rates to people with pre-existing conditions. Although the lawsuit is unlikely to succeed (the Supreme Court has twice upheld the constitutionality of the ACA), it adds further uncertainty in the insurance market. Legal specialists note that the President’s decision could have long-lasting implications for the rule of law. "If the Justice Department can just throw in the towel whenever a law is challenged in court, it can effectively pick and choose which laws should remain on the books," wrote [Nick Bagley](#), a law professor at the University of Michigan.

340B Update

On Tuesday, Congresswoman Doris Matsui (D-CA) introduced a bill that favors the 340B program. This bill would protect the original intent of the program “to stretch scarce federal resources as far as possible.” Although the bill has little chance of passing, it represents the only bill in Congress to strengthen the 340B program.

The bill proposes:

- Codifying the purpose of the program and clarifies that the discounts are given to the hospital or clinic to use in a manner that best suits the needs of their community.
- Reversing the 28.5% cut to hospitals' Medicare reimbursement for 340B drugs.
- Imposing civil monetary penalties on manufacturers that intentionally overcharge 340B providers.

- Requiring HHS to launch a secure website listing 340B ceiling prices for providers.
- Codifying the “penny-price” calculation for 340B drugs when providers raise their rates significantly higher than the rate of inflation.
- Codifying the definition of “patient” as defined in the 1996 guidance published by HRSA.
- Barring the use of limited distribution networks to keep manufacturers from discriminating from 340B providers.
- Allowing Substance Abuse and Mental Health Services Administration (SAMHSA) grantees to participate in the 340B program.



A Look at The Federal Register

HRSA Delays The 340B Ceiling Price Policy. The Health Resources and Services Administration (HRSA) is delaying, until July 1, 2019, the effective day of a [final rule](#) that allows for the imposition of civil monetary penalties on drug manufacturers who knowingly sell a 340B drug over the ceiling price. This is the fifth time that HRSA has delayed the rule.

AHRQ Requests Information on Patient Safety Organization (PSO) Certification. The Agency for Healthcare Research and Quality (AHRQ) is [seeking comments](#) on strategies to reduce the burden of reporting on several specific program elements including the PSO Certification for Initial Listing and Related Forms, Patient Safety Confidentiality Complaint Form and Common Formats. Comments are due July 5th.

IN OTHER NEWS

[Legislation Introduce to Combat the Opioid Crisis](#) – House Ways & Means

[Hospital Star-Ratings Release Delayed by CMS](#) – Modern Healthcare

[Rich Buyers are Pushing Rural Hospitals to a Controversial Practice](#) – The Atlantic

[CMS Set to Announce Insulin Price Cuts for Consumers](#) – Inside Health Policy

[WellCare Health Plan Acquires MeridianRx for \\$2.5 Billion](#) – Tampa Bay Times

[Medicare Faces Insolvency in 2026](#) – Health Leaders