



Policy Brief

October 19, 2019



Trump's Tariffs Affecting Medical Devices and Technology

The Trump Administration is not backing down from a trade war with China. Three rounds of tariffs have already been imposed and [more](#) may be on the way. Medical equipment, such as x-rays, pacemakers and others, are included [on the list](#) that face 25% tariffs. The tariffs are expected to cost the U.S. medical device industry nearly [\\$5 billion](#). It is still too early to know what the full impact of the tariffs will be and how they may affect patient access. Below is more about what sectors are the most impacted by the tariffs and when prices for certain products may start to rise.

The tariffs implemented by the Trump Administration will likely have a significant impact on the cost of medical devices. While products made in China may see higher prices, such as MRIs and pacemakers, American-made products may also [face increased prices](#) due to the component parts that make up medical devices and other machines being taxed. Health care companies are also more heavily relying on the tech industry. These technology companies (such as Intel, Dell and Apple) will also be [greatly impacted](#) by the new tariffs because they have been increasingly outsourcing to China.

Some experts predict that Americans will start to feel the impact of the 25% tariffs [beginning in 2019](#). If supply chains can't find backup suppliers to [circumvent these tariffs](#), providers may see a rise in the cost of medical devices and technology. Supply chain contracts for medical products have [kept prices stable](#) for many health care systems so far, but prices will likely rise if the tariffs remain in place when contracts are renegotiated. Time will tell if these tariffs will start eating into providers' bottom line.



The Five Ws of BPCI Advanced

Earlier this month, CMS announced that 1,299 hospital and physician provider groups signed agreements to participate in the Bundled Payment for Care Improvement (BPCI) Advanced initiative. This second-generation bundled payment model includes 32 clinical episodes: 29 inpatient and three outpatient. Now that the details have been released, here is what you need to know.

Who

- ✓ 832 acute care hospitals and 715 physician group practices are participating.
- ✓ 25 AHPA facilities signed agreements to participate.

What

- ✓ CMS cited that the top three clinical episodes currently selected by participants are: major joint replacement of the lower extremity, congestive heart failure and sepsis.
- ✓ 94.5% of the episode selections were in the inpatient setting.

Where

- ✓ The participating AHPA facilities are located in California, Colorado, Florida, Georgia, Kansas, Illinois, Ohio and Texas.
- ✓ The three states with the highest participation are California, Florida and Texas.

When

- ✓ Each clinical episode will end 90 days after the end of the anchor stay or the anchor procedure.
- ✓ The performance period for the first cohort of providers began October 1 and runs through December 31, 2023.

Why

- ✓ BPCI Advanced qualifies as an advanced APM under the Quality Payment Program, meaning participants will be eligible for bonuses under the Medicare Access and CHIP Reauthorization Act (MACRA).
- ✓ BPCI Advanced provides an opportunity for providers to explore bundles in both the inpatient and outpatient settings.
- ✓ The shift to value-based care will continue and there is a strong probability that bundle payment models will be mandatory in the future.



“Public Charge” Rule Could Jeopardize Immigrants’ Health

The Department of Homeland Security (DHS) has proposed a [new rule](#) that would dramatically change the immigration process. In this proposal, DHS would count a legal immigrant’s use of safety-net programs, [such as Medicaid](#), against them in making determinations. The proposal is concerning for health systems, as it may make our patients choose between social service assistance and long-awaited U.S. residency status. The rule’s announcement earlier this year has already [caused a dip](#) in the rolls of many public health programs. Read more for details on the rule and implications for providers.

What does a “public charge” mean, anyway?

Someone who is deemed a public charge is one who is not self-sufficient. The proposed rule expands the factors considered by imposing a [specific income requirement](#) and including the use of Medicaid, Medicare Part D, the Supplemental Nutrition Assistance Program and housing assistance. It would also change the denial reason from being “primarily dependent” on social services to being “likely to use” them at any time.

Is this a new idea?

The idea of denying an immigration request due to public charge [is not new](#). Since 1882, the government has considered a person’s ability to support themselves in immigration determinations but has never punished them for using (or applying for) programs that help with health care, food or housing.

How does this impact hospitals?

The rule would drastically decrease access to care and increase food insecurity for millions of Americans, leading to sicker individuals and more expensive care for hospitals. While the rule’s scope is limited to visa and green card applicants, we may see fear-induced disenrollment across immigrant communities. This would be [particularly harmful to children](#) because over 19 million kids live with an immigrant parent. Concerned providers have already begun weighing in, especially those serving a large Medicaid population. Check out the Federal Register section below for more on the comment opportunity.



A Look at The Federal Register

Inadmissibility on Public Charge Grounds. DHS has [proposed a rule](#) to require all immigrants seeking an extension of stay or change of status to demonstrate that they have not received, are not currently receiving, nor are likely to receive, public benefits. **Comments are due December 10, 2018.**

Medicare and Medicaid Programs Regulation to Require Drug Pricing. CMS has [proposed a rule](#) that would require Direct-to-Consumer (DTC) television advertisements of prescription drugs and biological products to include their list price or Wholesale Acquisition Cost (WAC). **Comments are due December 19, 2018.**

AHPA Resources



On September 24th, AHPA hosted a webinar on the final FY 2019 Inpatient Prospective Payment System rule. **To view the slides, [click here](#).**

MSSP Proposed Rule

[Medicare Shared Savings Program: Accountable Care Organizations Proposed Rule Outline](#)

IN OTHER NEWS

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[Arkansas' Work Requirements Kick 4,000 More Off Medicaid](#) – The Hill

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