



Policy Brief

November 30, 2018



A Peek into Alex Azar's Speeches

Department of Health and Human Services (HHS) Secretary Alex Azar has delivered several speeches this month that provide insights into the Agency's future actions on health care. This includes remarks on [social determinants of health](#), [value-based transformation](#) and [Medicaid reform](#). Below are key quotes from Azar's speeches and what they may mean for the future of health care.

Work requirements in Medicaid will continue. "I want to encourage all Medicaid directors and stakeholders to think about how they can promote community engagement... Finding work is associated with significant improvements in mental and physical health—and programs set up to improve Americans' health should, where feasible, reflect that."

Increased focus on social determinants of health. "We are actively exploring how we could experiment with actually paying for non-health services, like housing and nutrition." In reference to Medicare Advantage benefits, Azar added, "starting in 2020, we are going to be expanding that range of benefits even more, to include home modifications, home-delivered meals and more."

Mandatory bundled payment models will reappear. "We intend to revisit some of the episodic cardiac models that we pulled back and are actively exploring new and improved episode-based models in other areas, including radiation oncology." He added, "we will use all avenues available to us—including mandatory and voluntary episode-based payment models."

Behavioral health will be a top priority. “As with the Substance Use Disorder waivers, we will strongly emphasize that inpatient treatment is just one part of what needs to be a complete continuum of care, and participating states will be expected to take action to improve community-based mental health care.”

Increased emphasis on price transparency. “CMS has already taken steps in this direction [price transparency], like requiring hospitals to post their prices online, and we are going to continue exploring how we can provide patients with the information they need, when they need it.”

More aggressive push to lower drug prices. “We need to unleash Medicare Advantage plans to aggressively negotiate lower drug prices.”

New payment models to engage primary care physicians. “Before the end of this year, you will see new payment models coming forth from CMMI that will give primary care physicians more flexibility in how they care for their patients.”

Efforts to reduce regulatory burden will continue. “Reducing paperwork requirements while rewarding risk is a piece of our broader vision for value.”



The State of the Health Insurance Exchanges

Open enrollment for the Health Insurance Exchanges began November 1, 2018 and extends through December 15, 2018. The Trump Administration has [enacted various measures](#) that experts projected would weaken the state of the Exchanges. As of November 17th, more than 1.9 million people have chosen a plan provided through HealthCare.gov and [more insurers](#) are signing up for coverage. This is significantly lower than last year. Have the attacks on the Affordable Care Act (ACA) completely sabotaged the Exchanges? Continue reading to find out.

The Attacks

Since the day of his inauguration, President Trump has been making headway against the ACA. This included taking the following actions:

- Passed the ACA [Market Stabilization](#) rule, which reduces the standards for “silver” plan coverage. This rule was projected to make ACA plans more expensive for consumers.

- [Ended the contracts](#) of several community groups that provide in-person enrollment support.
- [Reduced funding](#) for consumer marketplace outreach from \$63 million to \$36 million.
- Signed tax legislation that repeals the ACA's individual mandate beginning in 2019. The [CBO estimated](#) this would cause a 10% increase in premiums.

The Results

There are 39 states using HealthCare.gov for 2019 enrollment. Although 1.9 million people have signed up for insurance, this lags significantly behind last year, which had nearly 2.3 million sign ups during the same period. A look at the [State-Based Exchanges](#) show a different picture, with the participation numbers varying greatly from state to state. Participation in 2018 has jumped in some states by as much as 12% (e.g. Rhode Island) and dropped as by as much as 23% in others (e.g. Louisiana). Premium changes also [vary widely](#) by location and level, including increases in plan availability in many counties. While it is hard to tell what the future holds, for now, the Exchanges are not collapsing as many projected.



Lame Duck Session Priorities

Now that the midterm elections are over, Congress must resume its duties for the final stretch of 2018. For the lame duck session, Republicans are being pressured to advance their conservative legislative agenda before losing the majority in the House. President Trump is seeking to push through his priorities in this lame duck session, including the [border wall](#). What policies are most likely to prevail? Read below to find out.

The Farm Bill. This is a \$867 billion legislative package that subsidizes agriculture and food assistance programs, such as the Supplemental Nutrition Assistance Program (SNAP).

Government Funding. Congress needs to pass seven remaining appropriation bills to fund the government past December 7th. This does not include the Department of Health and Human Services, which was funded in September of this year.

Pandemic and All-Hazards Preparedness Act. This [bill](#) includes funding for a number of programs affecting hospital preparedness. The House version that passed back in September did not include the provision to shift management of the emergency drug stockpile from the CDC to the Assistant Secretary of Preparedness and Response. The Senate has yet to pass this legislation.

Overdose Prevention and Patient Safety Act. This [bill](#) would align 42 CFR Part 2 with the Health Insurance Portability and Accountability Act (HIPAA). This policy was omitted from the opioid legislation that passed back in October.

Drug Pricing and 340B Program Changes. Measures addressing drug pricing are [rumored](#) to be on the lame duck session agenda. Republicans may also include legislation to increase oversight of the 340B program.



A Look at The Federal Register

Modernizing Part D and Medicare Advantage to Lower Drug Prices. CMS is seeking comments on a [proposed rule](#) that gives Part D plans greater flexibility to negotiate discounts for drugs in “protected” therapeutic classes. The rule requires Part D plans to inform enrollees and their doctors of the out-of-pocket drug costs when a prescription is written. Lastly, the rule allows step therapy for Part B drugs. **Comments are due January 25th.**

340B Drug Pricing Program Ceiling Price and Manufacturer Civil Monetary Penalties Regulation. HHS released the final rule that sets the ceiling price for the 340B program and holds pharmaceutical companies more accountable by enforcing civil monetary if the company is found to have “knowingly and intentionally” overcharged 340B hospitals, clinics, and health systems for their drugs. The rule allows HRSA to launch a website that informs hospitals of the ceiling prices to ensure that they are being charged the correct amounts. **The rule is effective January 1, 2019.**

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[New Report Warns Climate Change A Major Threat to Public Health](#) – National Climate Assessment

[Overdoses, Bedsores, Broken Bones: The Failure of HCR ManorCare](#) – The Washington Post

[California DOJ Greenlights CHI-Dignity Merger, With Conditions](#) – Modern Healthcare