
Health Policy Update – April 12, 2018

House Speaker Paul Ryan Announces Retirement at End of Term

On April 11, House Speaker Paul Ryan (R-WI) announced that he will not seek reelection in November and will step down after the 2018 midterm elections, though he has not set a specific date. Ryan, who had previously served as chairman of the House Budget and Ways & Means Committee and was the Republican Party's candidate for Vice President in 2012, was first elected Speaker in 2015 to succeed John Boehner (R-OH).

Ryan's abrupt resignation sets off a new race to succeed him, and while no candidates have yet declared, House Majority Leader Kevin McCarthy (R-CA) and House Majority Whip Steve Scalise (R-LA) are widely expected to be the top two contenders for the spot.

As a member of Congress and later as House Speaker, Paul Ryan championed a conservative approach to healthcare, advocating policies such as premium support for Medicare and work requirements and block grants for Medicaid. He is also a staunch opponent of the Affordable Care Act and repeatedly advocated for the law's repeal throughout his tenure. Though much of his health policy agenda remains unrealized, his major legislative achievement, the Tax Cuts and Jobs Act of 2017, was signed into law by President Trump in December.

To read Speaker Ryan's statement, [CLICK HERE](#).

HHS Announces Adam Boehler as Director of CMMI

On April 9, the Department for Health & Human Services (HHS) announced that Adam Boehler will serve as the new director of the Centers for Medicare and Medicaid Innovation (CMMI) as well as deputy administrator of CMS. Boehler is the former founder and CEO of Landmark Health, a home-based medical care provider in California. He also previously worked for aLabs, Accretive LLC, and MedeFinance.

CMMI was created under the Affordable Care Act to test and develop new health care payment models. Last year, CMS Administrator Seema Verma announced an initiative to take CMMI in a new direction, soliciting stakeholder input on how to move forward. The Network submitted a response to CMS' request for information, urging the agency to expand opportunities for physicians to participate in advanced alternative payment models (APMs) and to take action to reduce the reimbursement discrepancies between services provided in freestanding clinics and hospital outpatient departments.

To read the HHS announcement, [CLICK HERE](#).

To read The Network's letter to CMMI, [CLICK HERE](#).

MedPAC Recommends Update to Physician Fee-for-Service Payment Rates

In its March report to Congress, the Medicare Payment Advisory Commission (MedPAC) issued rate recommendations for nine fee-for-service areas covered under the Medicare program. According to the report, MedPAC recommends the following changes for physician, hospital and ambulatory services.

- **Hospitals: Inpatient and outpatient services** – For 2019, Congress should update the 2018 Medicare base payment rates (inpatient and outpatient) for acute care hospitals by the amount determined under current law.
- **Physicians and other health professionals** – For calendar year 2019, Congress should increase the calendar year 2018 payment rates for physician and other health professional services by the amount specified in current law.
- **Ambulatory surgical centers** – Congress should eliminate the calendar year 2019 update to the Medicare payment rates for ambulatory surgical centers. Centers should be required to report cost data.

MedPAC also issued payment recommendations for outpatient dialysis, post-acute care, skilled nursing, home health, inpatient rehabilitation, long term care hospitals, and hospice.

To read a fact sheet on the MedPAC report, [CLICK HERE](#).

340B Update: CMS to Allow Medicare Advantage Plans That Contract with Hospitals to Negotiate 340B Rates, Delays Rule to Set New Drug Ceiling Prices

The Centers for Medicare & Medicaid Services (CMS) announced on April 2 that Medicare Advantage plans that directly contract with hospitals will soon be able to negotiate the rates they pay for 340B drugs while continuing to require plans that don't have hospital contracts to receive the original Medicare rates.

In January, CMS reduced Medicare reimbursement for 340B drugs by approximately 28 percent – or \$1.6 billion annually – as part of its new initiative to save beneficiaries money on drug costs. The new rates are being challenged in federal court by a coalition of hospitals and hospital trade groups in an ongoing lawsuit.

Separately, the agency announced that it would delay a rule to set new drug ceiling prices for the 340B program. The rule, which was first implemented by the Obama Administration, would allow HHS to fine drug manufacturers that intentionally charge a hospital more than the set ceiling price. CMS has delayed the rule several times amid stakeholder opposition.

To read CMS' press release on the Medicare Advantage policy change, [CLICK HERE](#).

Key Congressional Committees Hold Hearings on Opioid Legislation

On April 11, the House Energy and Commerce and Senate Health, Education, Labor and Pensions (HELP) Committees held hearings on dozens of bills to address the nation's opioid epidemic. The hearings featured testimony from addiction treatment specialists as well as patient advocates.

After the Senate hearing, committee chairman Lamar Alexander (R-TN) announced that his committee would markup the Opioid Crisis Response Act of 2018 by April 24. The bill aims to spur development of new pain medications by allocating new funding and authority to the FDA while helping states treat patients with addiction by making more

resources available. Separately, House Energy & Commerce Committee Chairman Greg Walden (R-OR) continues to move forward with his plan to hold a floor vote on an opioid package before Memorial Day.

To view the House Energy & Commerce Committee hearing, [CLICK HERE](#).

To view the Senate HELP Committee hearing, [CLICK HERE](#).

Nearly 12 Million People Signed up for Health Insurance on the Federal Exchange

On April 3, the Centers for Medicare & Medicaid Services announced that 11.8 million consumers signed up for health insurance on the federal exchange created under the Affordable Care Act, slightly fewer than the 12.2 million who signed up last year. The share of individuals receiving subsidies remained steady in 2018, despite average premium increases of over 30 percent.

About 83 percent of exchange customers received subsidies to cover all or part of their premiums, which insulated many from this year's premium hikes. About 25 percent of people who bought plans were new customers and this year's class was slightly older – about 29 percent of enrollees were over the age of 55 – compared to last year.

To read the CMS release announcing the new enrollment estimates, [CLICK HERE](#).

Presidents of the ACR, AAN Release Joint Op-ed Criticizing Trump Administration's Drug Pricing Proposals

In an op-ed published in The Hill on April 10, Dr. David I. Daikh and Ralph L. Sacco, Presidents of the American College of Rheumatology and American Academy of Neurology, respectively, expressed concerns with the Trump Administration's recent proposals to reduce drug costs – namely cuts to Part B drug reimbursement as a means to incentivize physicians to use lower cost medications. The column warns cuts could severely limit Medicare patients' access to critical therapies.

"Limiting therapy options based on a drug's price, as the administration's proposal seeks to do, is a dangerous experiment that targets the wrong part of the drug delivery chain and threatens our patients' health and wellbeing," the doctors write. "It also does nothing to address the high initial prices and year-over-year increases to the cost of obtaining these drugs that providers and patients alike have had to manage."

According to the authors, the Trump Administration is taking a flawed approach to drug pricing reform by assuming that there are less costly, equally effective treatments for patients living with rheumatic diseases or complex neurological conditions, and that patients can easily switch between therapies. However, many Part B drugs – particularly biologics – have few substitutes and where alternatives do exist, patients' immune systems may react differently.

To read the joint op-ed, [CLICK HERE](#).