

Health Policy Update – January 25, 2019

Trump Administration Proposals Could Increase Out-of-Pocket Costs for Consumers

On January 24, the Centers for Medicare and Medicaid Services (CMS) released its 2020 Notice of Benefit and Payment Parameters (NBPM) proposed rule for health insurance plans under the Affordable Care Act (ACA). The proposed rule includes several changes to the prescription drug benefit that could increase out-of-pocket drug costs for consumers, and disproportionately impact those with complex, chronic diseases such as AIDS and multiple sclerosis.

These proposals include allowing individual market, small group market, and large group market health insurance issuers to adopt mid-year formulary changes, allowing such issuers and self-insured group health plans to except certain cost-sharing from the maximum out-of-pocket limit if a consumer selects a brand drug when a medically appropriate generic drug is available. The rule also includes a proposal to except drug manufacturer coupons for certain prescription brand drugs that have a generic equivalent from the beneficiary's maximum out-of-pocket limit. CMS noted that these changes are intended to encourage enrollees' use of lower-cost drugs.

CMS is accepting comments on the proposed rule through February 19, 2019.

To read the proposed 2020 Notice of Benefit and Payment Parameters rule, [CLICK HERE](#).

To read CMS' Fact Sheet on the proposed rule, [CLICK HERE](#).

CMS Unveils New Part D Payment Model

On January 18, the Centers for Medicare & Medicaid Services (CMS) announced a new payment model for Medicare Part D with the goal of lowering drug spending, especially in the catastrophic coverage phase of the benefit. Under the voluntary Part D Payment Modernization model, plans that choose to participate would take on greater financial risk and share savings should spending come in under a target set by CMS. Meanwhile, any spending over that limit would be paid for by the insurer.

The approximately 3.2 million Medicare beneficiaries enrolled in the catastrophic phase would still pay 5% cost out of pocket, but officials expressed optimism that the plan would ultimately drive pharmaceutical prices—including the dollar-value of out-of-pocket costs—down. According to CMS Administrator Seema Verma, spending on Part D catastrophic coverage has nearly quadrupled over the past decade, growing from \$9.4 billion to \$37.4 billion. CMS estimates suggest the new payment model could save more than \$2 billion in taxpayer money each year.

To read CMS' press release about the new payment model, [CLICK HERE](#).

CMS Offers New Flexibility for MA Plans in Expanded Value-Based Insurance Design (VBID) Model

On January 18, the Centers for Medicare & Medicaid Services (CMS) announced a nation-wide expansion and several new features of its Value-Based Insurance Design model, which provides flexibility to Medicare Advantage plans with the goal of encouraging beneficiaries to consume high-value clinical services starting in the 2020 plan year.

The VBID changes include several new options for MA plans that choose to participate in the demonstration. For instance, participating plans will be able to reduce cost-sharing and provide additional benefits in a more targeted fashion. Plans will also be allowed to offer more incentives to beneficiaries to improve their health. Beginning in the 2021 plan year, the VBID model will allow MA plans to offer a hospice benefit—a change CMS Administrator Verma said would improve care coordination.

To read more about the expanded VBID Model, [CLICK HERE](#).

Chairmen and Ranking Members Announced for Key Healthcare Committees

On January 10, Senator Chuck Grassley (R-IA) became chair of the **Senate Finance Committee** for the second time in his career. Upon taking the gavel, he released [a statement](#) outlining the committee's agenda for the 116th Congress.

Regarding health care issues, Senator Grassley pledged to work in a bipartisan manner to tackle key priorities including lowering prescription drug costs, while reducing shortages; strengthening and modernizing Medicare Part D; increasing quality of care for seniors; addressing rural health care needs; reforming the 340B drug pricing program; addressing health care consolidation and anticompetitive concerns; and, conducting rigorous oversight of the health care sector and executive federal health care agencies.

On January 15, **Energy and Commerce Committee** Chairman Frank Pallone, Jr. (D-NJ) and Ranking Member Greg Walden (R-OR) officially announced Congresswoman Anna Eshoo (D-CA) as Chair of the Subcommittee on Health with Congressman Michael Burgess, MD (R-TX) serving as Ranking Member for the 116th Congress.

On January 16, **House Ways & Means Committee** Chairman Richard Neal (D-MA) and Ranking Member Kevin Brady (R-TX) announced Congressman Lloyd Doggett (D-TX) as Chair of the Subcommittee on Health with Congressman Devin Nunes (R-CA) serving as Ranking Member for the 116th Congress.

To view the complete roster of Democrats and Republicans on the House Energy and Commerce Committee, [CLICK HERE](#) and [HERE](#).

To read the complete roster of Democrats and Republicans on the House Ways and Means Committee, [CLICK HERE](#) and [HERE](#).

To read the complete roster of Senators on the Senate Finance Committee, [CLICK HERE](#).

MedPAC Holds January Meeting

Last week, the Medicare Payment Advisory Commission adopted provider payment recommendations for 2020 and held a discussion on drug pricing policy solutions.

The commission recommended Congress update payments in 2020 for doctors, physician assistants and advanced practice registered nurses based on current law. The law currently sets the payment increase for that year at zero. They also recommended eliminating “incident to” billing practices and refining Advanced Practice Registered Nurse (APRN) and Physician Assistant (PA) specialty designations in order to increase transparency surrounding the growth of care delivered by APRNs and PAs, as well as the type of specialty care delivered.

The Commission also held a session titled, “Future policy directions to address Medicare prescription drug spending.” The Commissioners reached consensus on four policy proposals to be further analyzed this spring: reference pricing, broader use of arbitration, restructuring Part D’s coverage gap discount, and approaches to reduce out-of-pocket costs in Part D for high cost drugs.

To view presentations from MedPAC’s January meeting, [CLICK HERE](#).

Azar Meets with Senate Finance Members to Defend HHS’ Drug Pricing Proposals

On January 16th, Health and Human Services Secretary Alex Azar held a meeting with Republican members of the Senate Finance Committee to discuss the Trump Administration’s various drug pricing proposals, namely the International Pricing Index (IPI) model.

The IPI model in particular has been coolly received by some Republican members who are worried that the policy would establish price controls for drugs. While few Republican members have publicly spoken out against the proposal, it has received little praise from members of the caucus. Senate Finance Committee chair Chuck Grassley (R-IA) recently announced that he would wait to see a proposed rule from CMS before taking a position on IPI.

Patient and Provider Groups Express Concerns About Shutdown Impact on FDA

The partial government shutdown continued into its 5th week, with little sign of a deal between the President and Congressional leaders.

On January 22, a coalition of more than 40 patient and provider groups signed a letter expressing their concerns about the shutdown’s impact on the FDA, which has so far kept the agency from reviewing new drug and medical device applications.

“While we applaud Commissioner Gottlieb, FDA leadership, and ‘essential staff’ for truly heroic work to keep many aspects of its mission functioning, we fear that this continued shutdown not only puts the current health and safety of Americans at risk but has begun to put future scientific discovery and innovation in jeopardy,” the letter reads. “The ongoing government shutdown forces the FDA to make difficult choices regarding to which essential functions its greatly reduced resources are directed. These are decisions that never should have to be made— the health and safety of Americans today should never be weighed against the prospect of new life-saving therapies for patients.”

Approximately 31 percent of the FDA's staff is furloughed while another 9 percent are working on non-user fee activities without pay.

To view the letter, [CLICK HERE](#).