

Health Policy Update – March 15, 2019

Administration Releases 2020 Budget

On March 12, the Trump Administration released its budget plan for FY 2020. The budget details legislative and regulatory priorities for next year including policies under the Department of Health and Human Services (HHS) designed to reduce the cost of prescription drugs, lower Medicare spending and increase funding for the Food and Drug Administration (FDA). HHS Secretary Alex Azar testified before three key congressional committees this week to discuss the proposed budget. Here are the highlights:

Medicare Payment Policy

- Pay all off-campus hospital outpatient departments at the physician office rate
- Pay on-campus hospital outpatient departments at the physician office rate for certain services
- Create a risk-adjusted monthly Medicare Priority Care payment for primary care providers by reducing payments for all non-E/M services and procedures.

Drug Pricing Policy

- Establish an inflation limit for reimbursement of Medicare Part B drugs
- Authorize the HHS Secretary to consolidate certain drugs covered under Part B into Part D
- Reduce payment for innovator drugs from ASP plus 6 percent to ASP minus 33 percent when a manufacturer takes anti-competitive action post-primary patent expiration or market exclusivity period expiration
- Allow CMS to apply savings from a reduction in payment to hospitals for drugs purchased under the 340B Drug Pricing Program to hospitals that provide a certain amount of charity care
- Grant broad regulatory authority for the 340B Drug Pricing Program to set enforceable standards of program participation and requires all covered entities to report on use of program savings
- Establish a beneficiary out-of-pocket maximum in the Medicare Part D catastrophic phase
- Provide demonstration authority for up to five States to test drug coverage and financing reforms in their Medicaid programs

HHS, NIH and FDA Funding

- Includes \$87.5 billion in funding for HHS, a \$11.9 billion decrease over FY19 levels
- Includes \$33.7 billion in funding for NIH, a \$4.5 billion decrease over FY19 levels
- Includes \$6.1 billion in funding for FDA, a \$643 million increase over FY19 levels

The President's budget is largely a messaging activity to highlight policy areas of interest for the Administration and would require additional regulations or legislation before being enacted.

To view the HHS FY 2020 Budget, [CLICK HERE](#)

To view the FY 2020 fact sheet on Lowering Drug Prices, [CLICK HERE](#)