



# Making Sense of the 2022 Health Policy Mashup



By Susan Dentzer

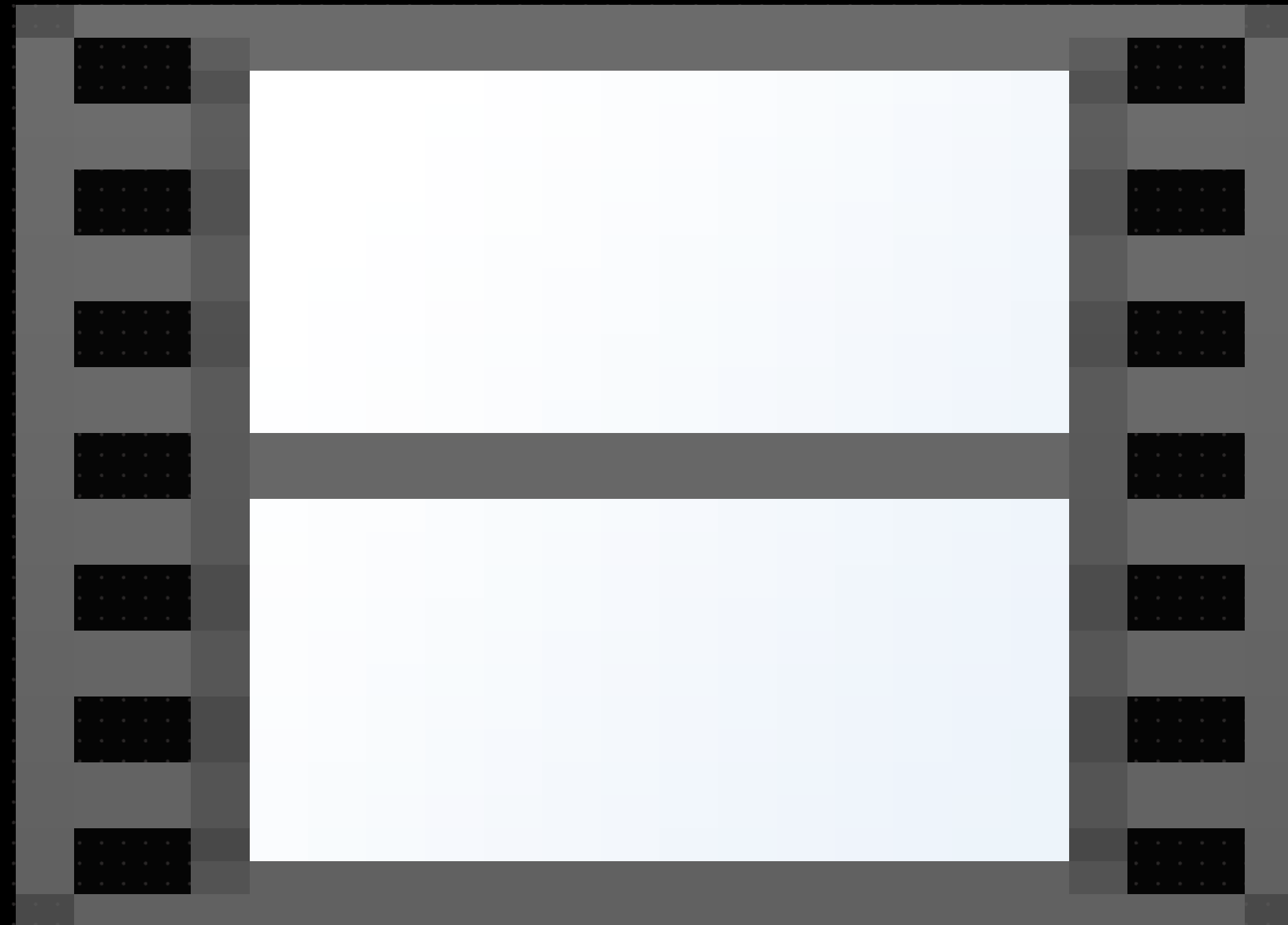
President and Chief Executive Officer, America's Physician Groups  
Presentation to the Texas Healthcare Trustees  
July 30, 2022





What's a Mashup?

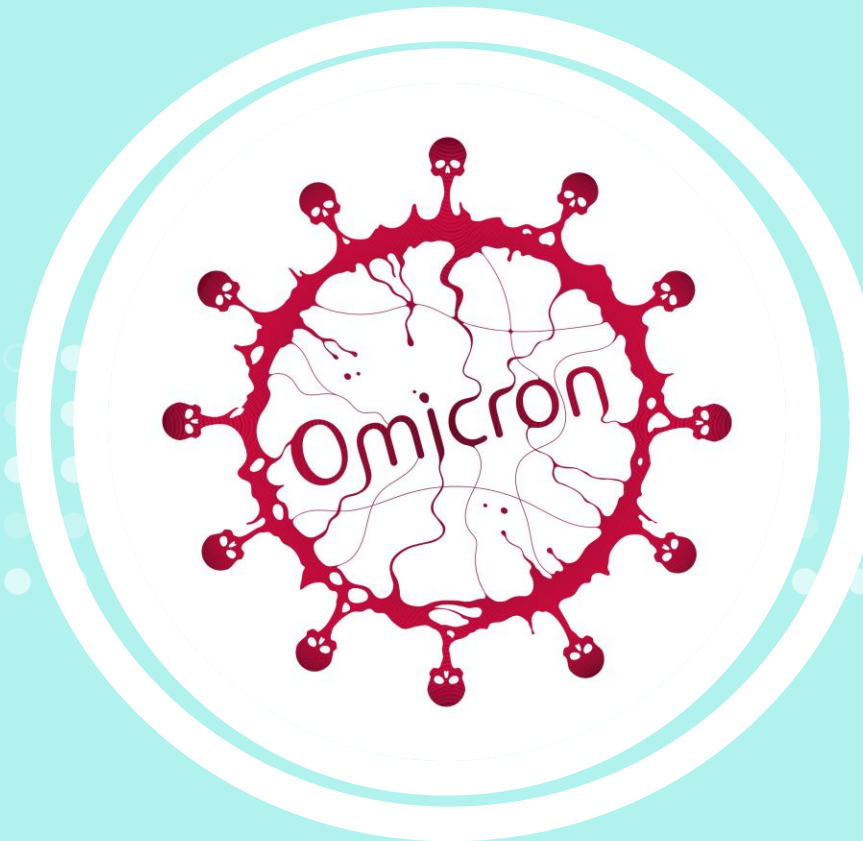
Here's an Elegant One!



# Where the Policy Mashups are Happening – or Not!



ACA insurance subsidies, closing  
Medicaid coverage gap and  
Remnants of "Build Back Better"



Pandemic Response/  
Preparedness



Move to value-based payment



Pharmaceutical prices



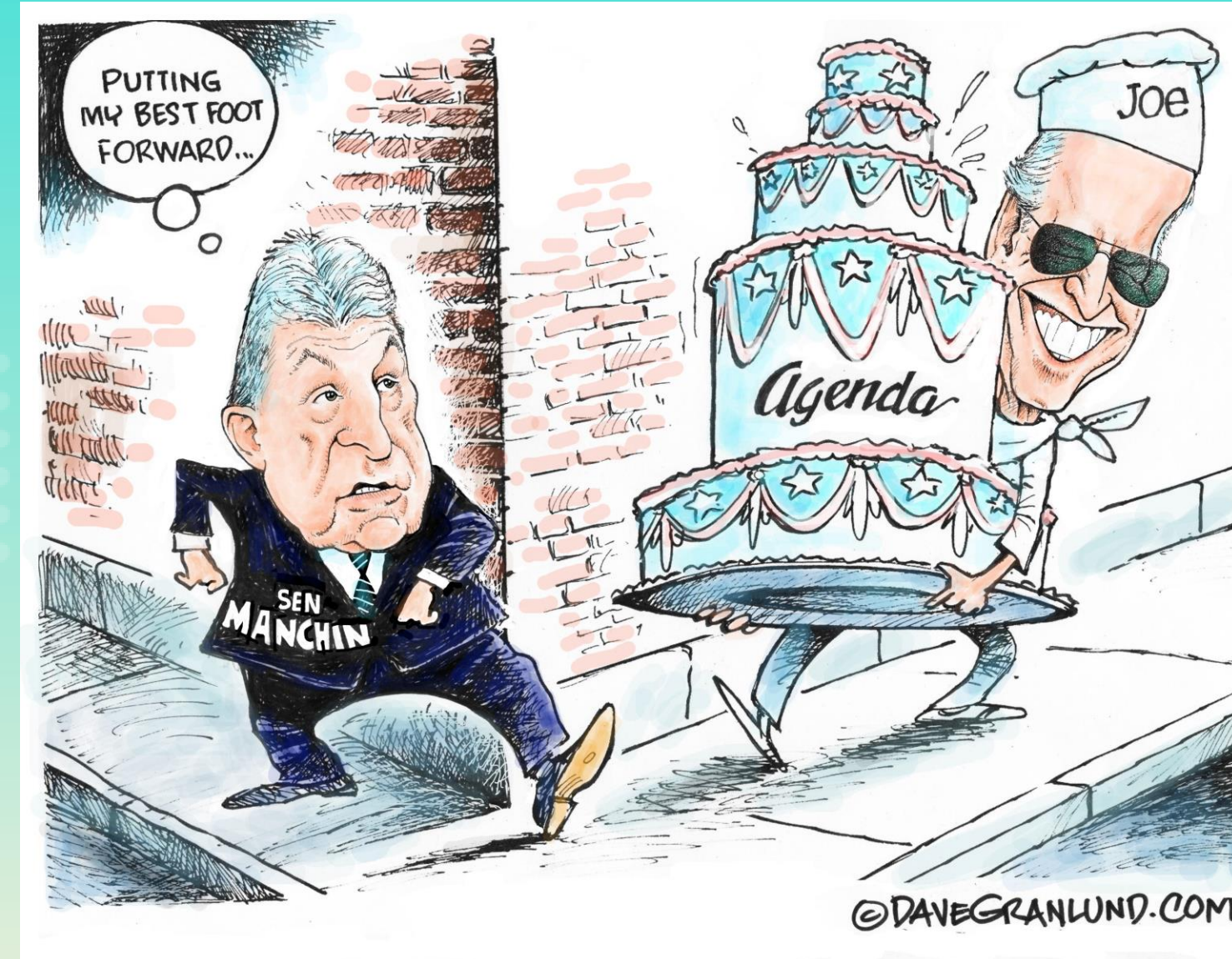
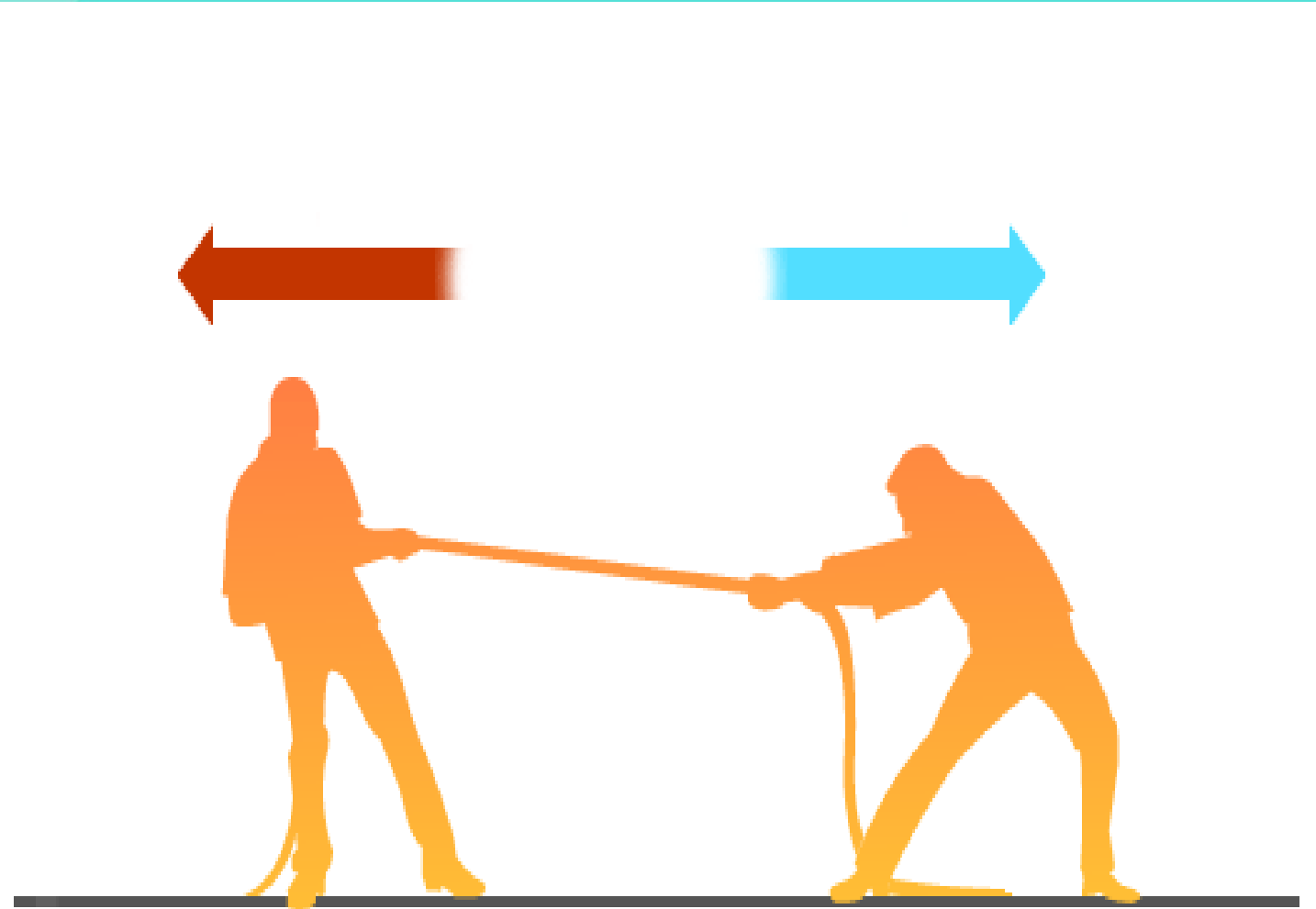
Looking Ahead



# Choices for Direction of U.S. Health Care Policy



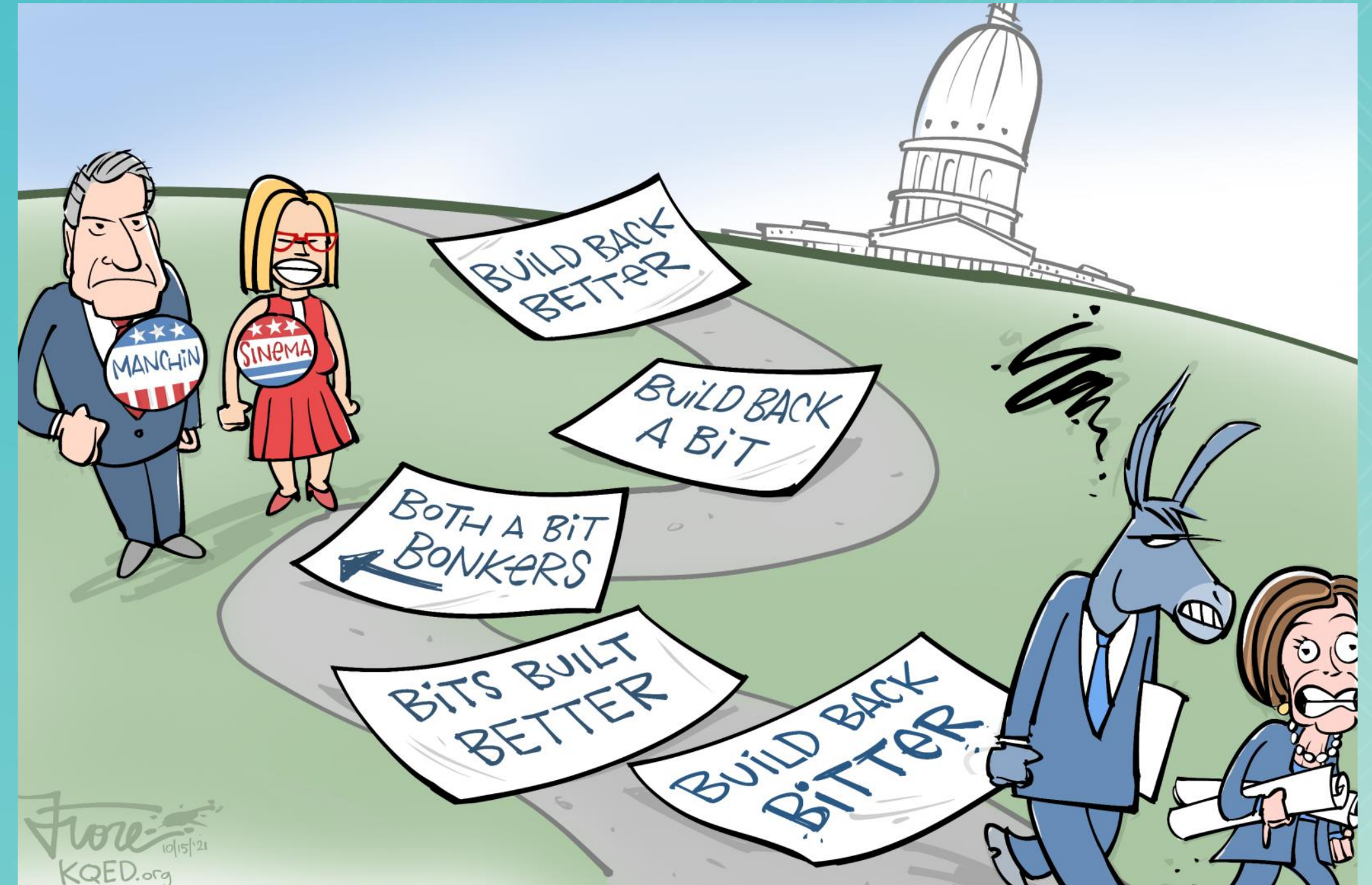
# Political Dynamics, 2022-style





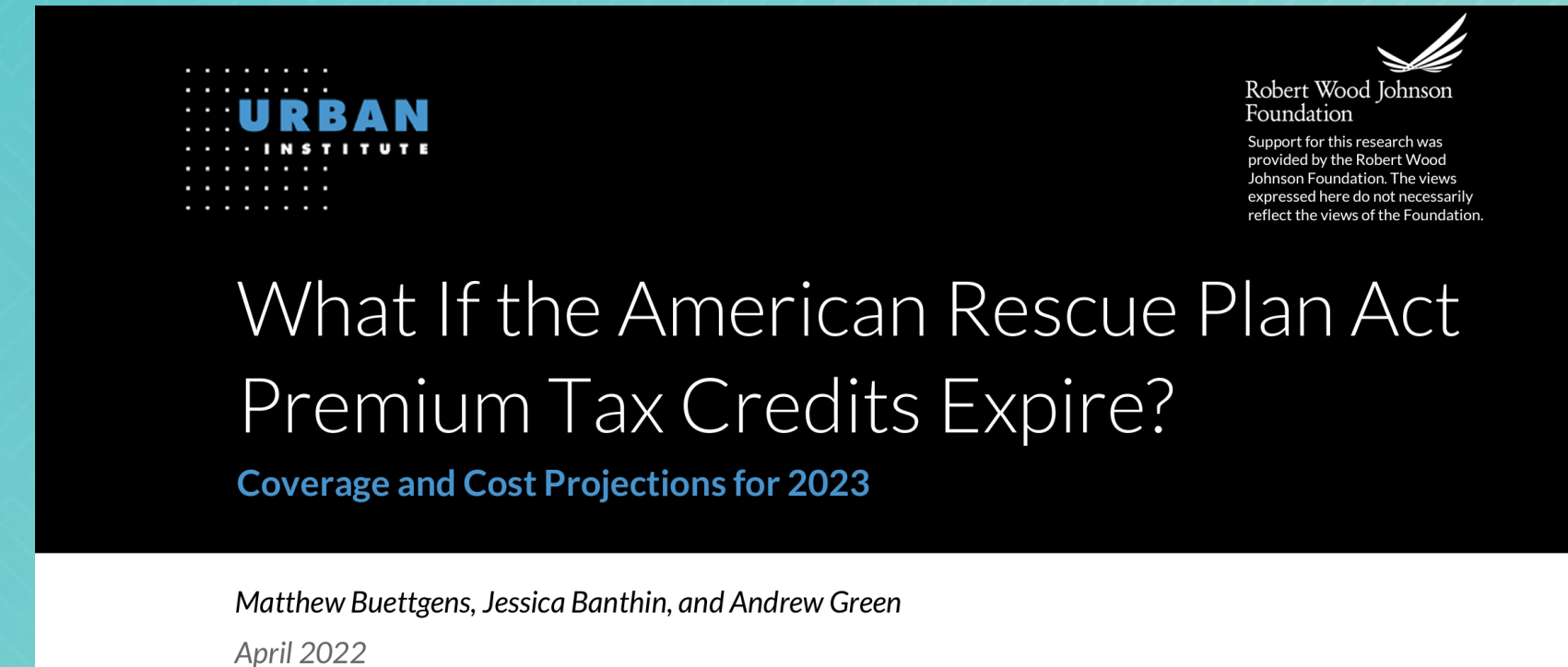


ACA insurance subsidies, closing  
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# Extension of Pandemic-Era Health Insurance Subsidies

- American Rescue Plan of 2021
  - Increased premium tax credits for marketplace coverage
  - Extended eligibility to people with incomes above 400 percent of the federal poverty level
- As result, marketplace enrollment reached record high during 2022
- Enhancements set to expire after 2022, leaving an estimated 3.1 million more people uninsured in 2023
- Marketplace enrollees to spend hundreds of dollars more per person on premiums
- BBB would extend subsidies through 2025



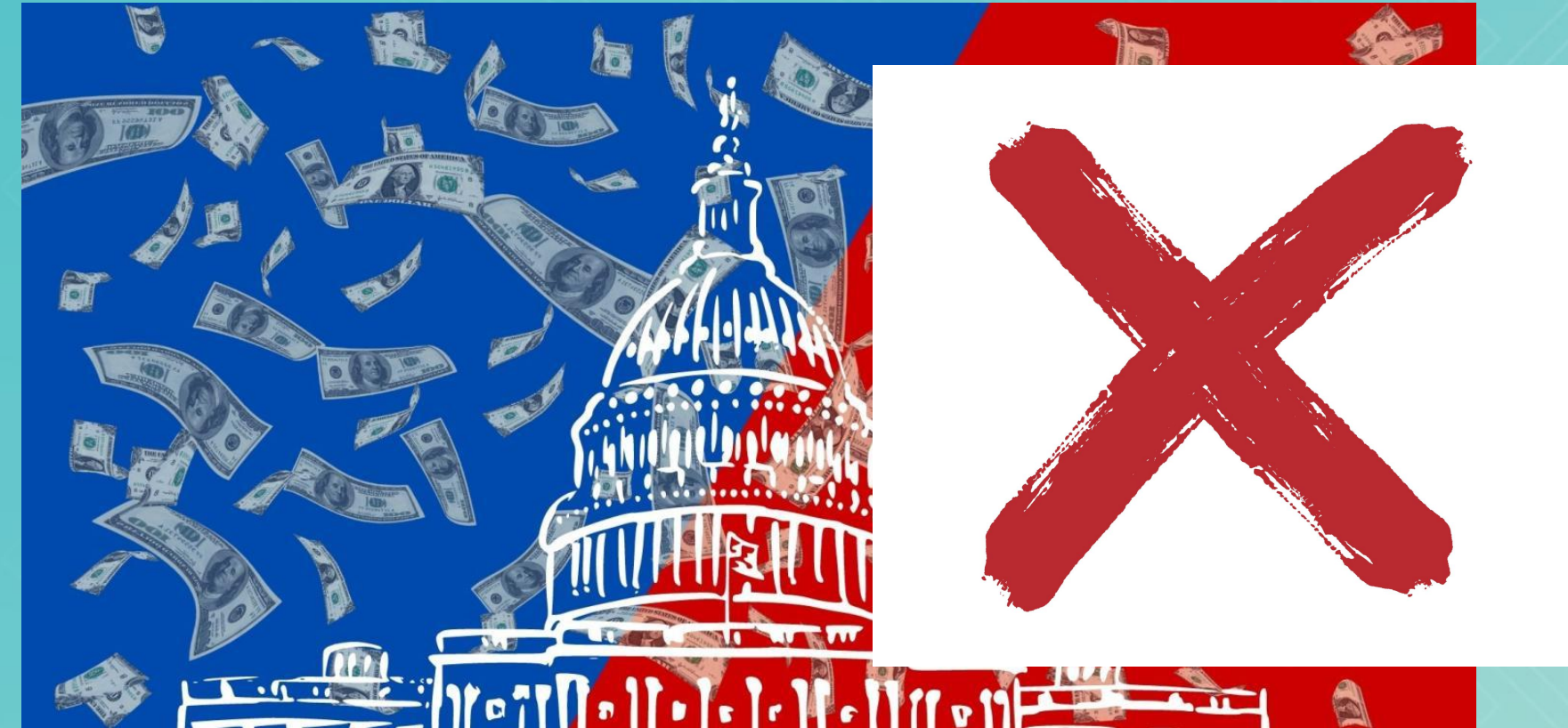
# Closing the Medicaid Coverage Gap

- Twelve states, including Texas, still have not yet adopted Medicaid expansion under ACA
- Roughly 2 million people with incomes below the poverty line are still uninsured; not eligible for ACA insurance tax credits; thus in Medicaid coverage gap
- 6 in 10 are people of color; about 1 in 2 are women of reproductive age
- Build Back Better Act would have temporarily closed coverage gap (2022-2025) by extending Marketplace subsidies below the poverty level in non-expansion states
- Would offer \$0 silver plans with reduced cost-sharing, no monthly premium, and deductibles typically under \$200



# Senate Democrats' New Fallback Plan

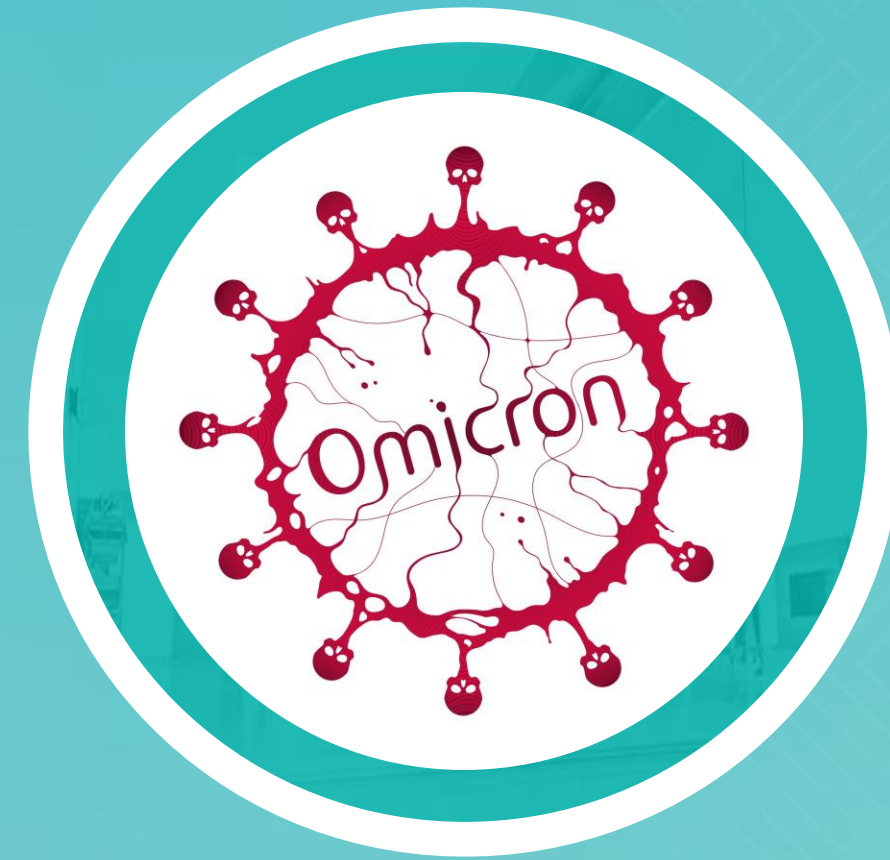
- Incorporate two-year extension of health insurance subsidies and coverage gap measures into a budget reconciliation bill
- Pass on party-line vote with all 48 Democrats and 2 independents who caucus with them, and with Vice President Harris breaking tie (total 51-vote simple majority)



# New Version: “Inflation Reduction Act of 2022”

- \$430 billion package of spending and tax hikes, with most of the spending for climate and clean energy provisions
- Includes the extension of the health insurance subsidies for three years





Pandemic Response/  
Preparedness



# U.S. COVID-19 Toll as of July 2022

UNITED STATES



OVERVIEW

All Time

Past Day

Past Week

Past Month

Confirmed Cases

88,754,821

Deaths

1,021,306

People Fully Vaccinated

222,950,194

% of Population Fully  
Vaccinated

67.67%

All Time

Past Day

Past Week

Past Month

New Cases

3,170,496

↑ Record high:

20,320,193 January, 2022

New Deaths

10,101

↑ Record high:

96,328 January, 2021

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# NATIONAL COVID-19 PREPAREDNESS PLAN



Protect Against and Treat Covid-19



Prepare for New Variants



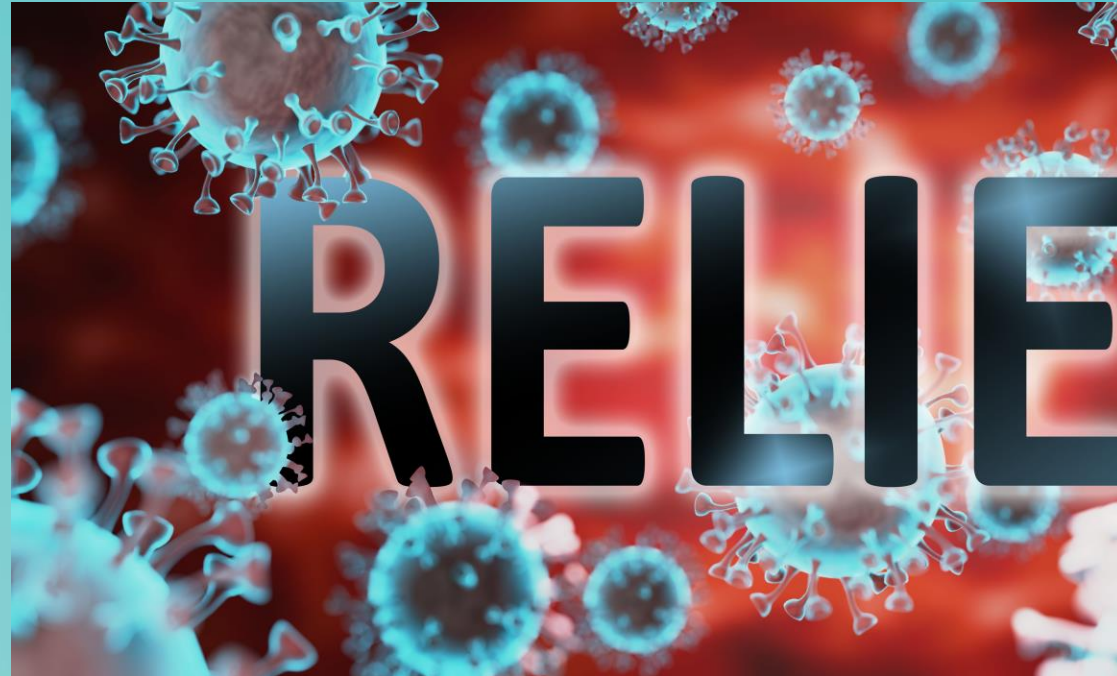
Prevent Economic and  
Educational Shutdowns



Continue to Vaccinate the World



- Data collection and analysis
- National wastewater surveillance
- Vast sequencing capability
- Rapid FDA review of new tests and vaccines





# July 2022: Senate Democratic Appropriators Propose \$22 billion in New Emergency Spending

- \$9 billion for research and development, manufacturing, production, purchase, and distribution of vaccines, therapeutics, tests, diagnostics, and medical products and supplies
- \$750 million for research and clinical trials for vaccines focused on emerging coronavirus strains
- \$6.25 billion to allow the Department of Health and Human Services to purchase and distribute vaccines, therapeutics, and diagnostics
- \$5 billion in emergency funding to support the global response to the COVID-19 pandemic



Congressional Budget Timeline?



**The Washington Post**  
*Democracy Dies in Darkness*

# U.S. may need \$7 billion for monkeypox, Biden administration estimates

Aides offered a range of options to lawmakers as Washington scrambles to mount a response to the new public health crisis

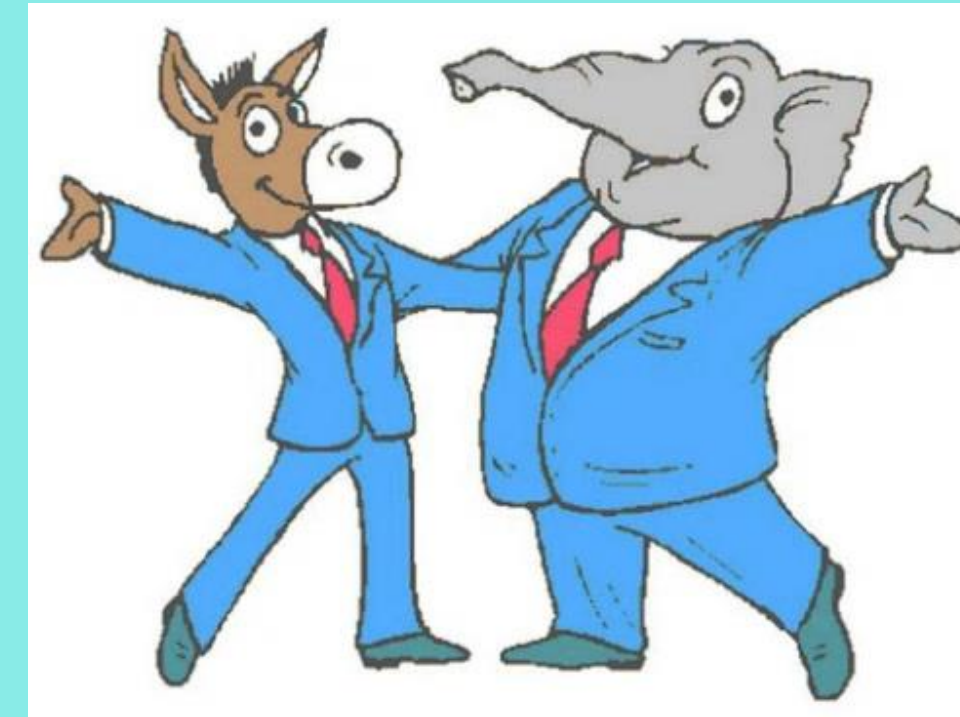
July 26, 2022





# Payment and Delivery Reforms and The Move to Value

# Value-Based Health Care



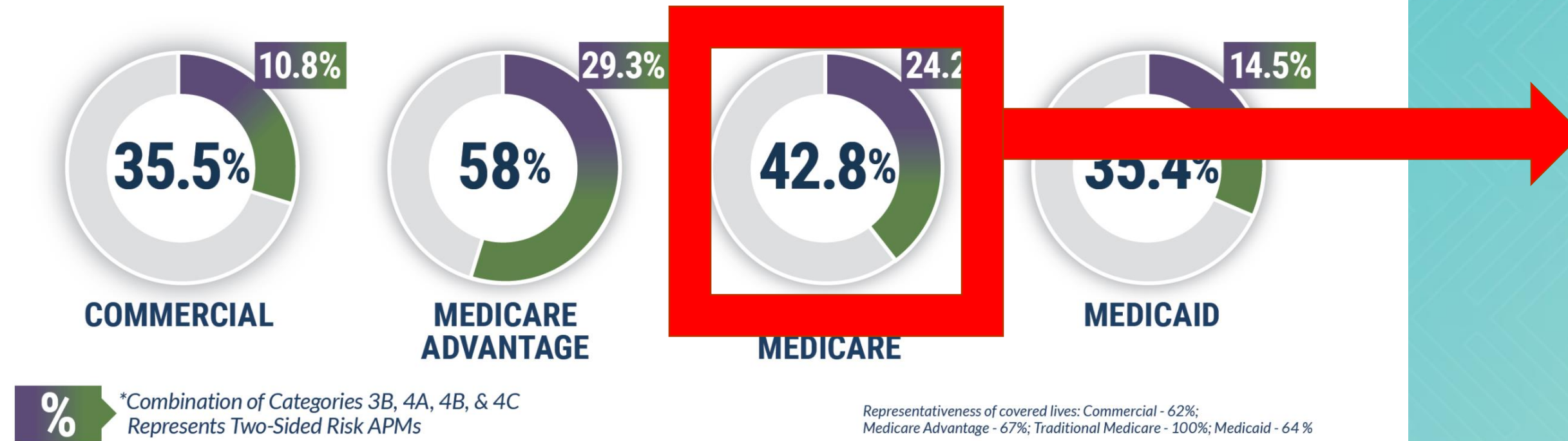
# Centers for Medicare & Medicaid Services and Innovation Center Strategic Refresh, 10.21



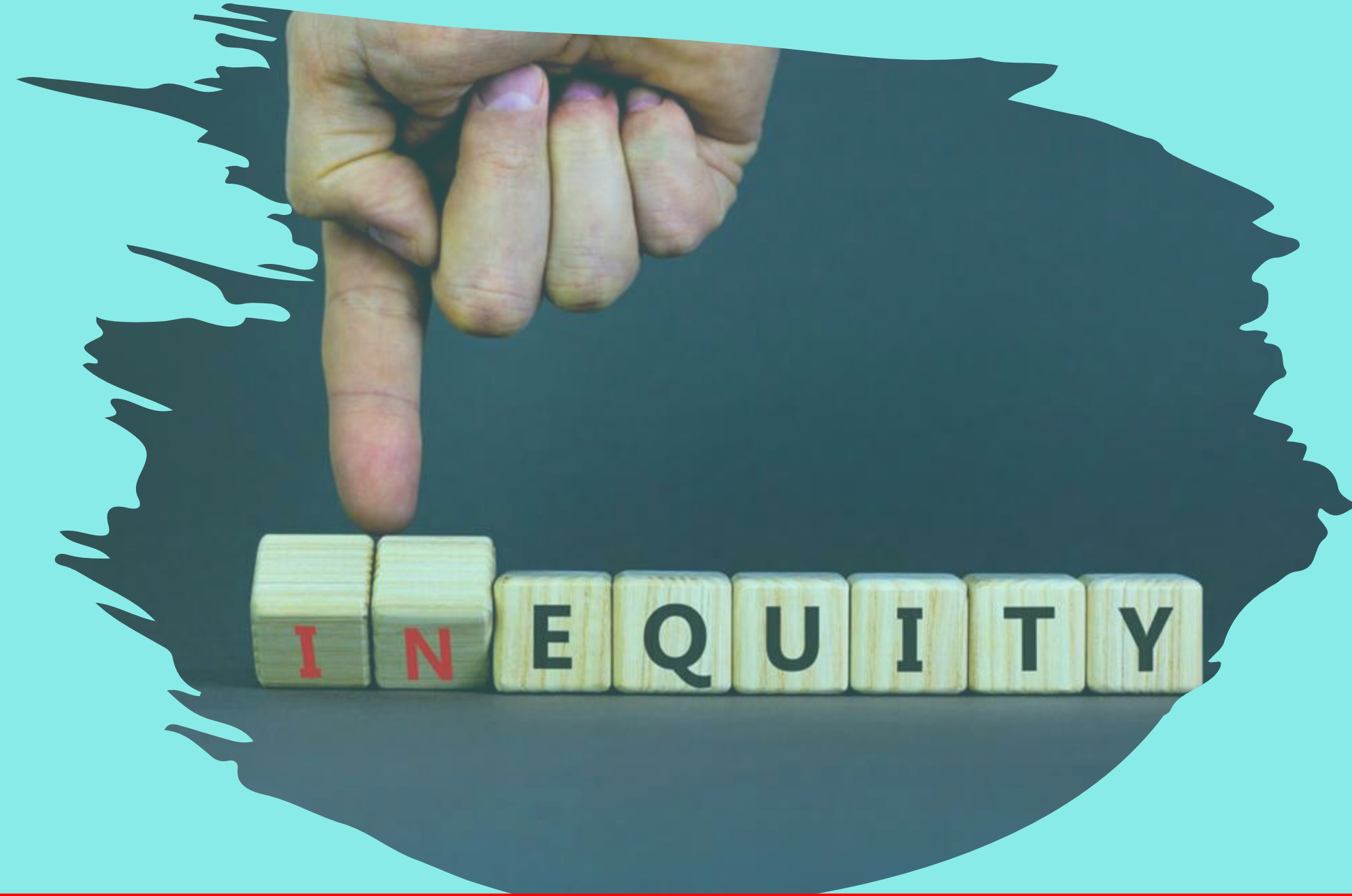
*Source: The Centers for Medicare & Medicaid Services*

- Multi-payer models
- Link to commercial payers and employers
- Greater integration of Medicaid and safety net providers

In **2020**,  
**40.9%** of U.S. health care payments, representing approximately **238.8 million** Americans and **80.2%** of the covered population, flowed through Categories 3&4 models. In each market, Categories 3&4 payments accounted for:



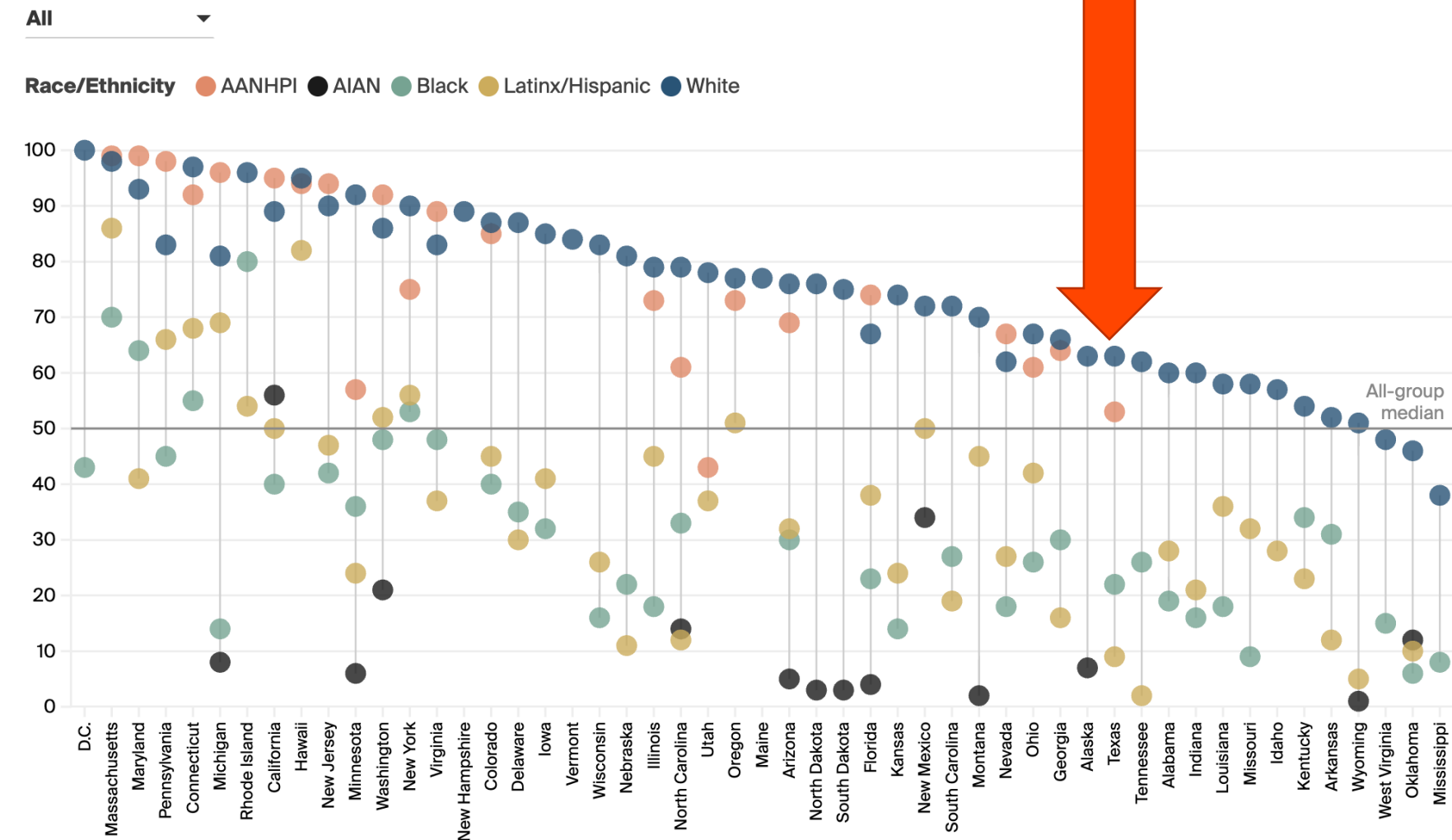
Source: Health Care Payment Learning and Action Network



# U.S. Health Systems Exhibit Variable Performance Across States By Race and Ethnicity of Patients

Profound racial and ethnic inequities in health and health care exist across and within states.

Health system performance scores, by state and race/ethnicity



Source: David C. Radley et al., *Achieving Racial and Ethnic Equity in U.S. Health Care: A Scorecard of State Performance* (Commonwealth Fund, Nov. 2021).

# New Proposals from CMS

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\*New advanced investment payments (AIP) to eligible, low-revenue ACOs that are new to the Medicare Shared Savings Program and inexperienced with Medicare ACOs

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\*New “health equity adjustment” toward the “quality score” that ACOs must achieve

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\*Slower transition to risk-based pathway for ACOs inexperienced with performance-based risk

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\*Modified “benchmarking” methodology so ACOs that reduce costs are not in effect punished later for their success

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# Pharmaceutical Prices



## Core Problem

Both parties appear to agree that government must take steps to lower drugs prices; they just disagree on what and how



# House Democrats' Original Big Idea: Broad Medicare Drug Price Negotiation, as in HR 3



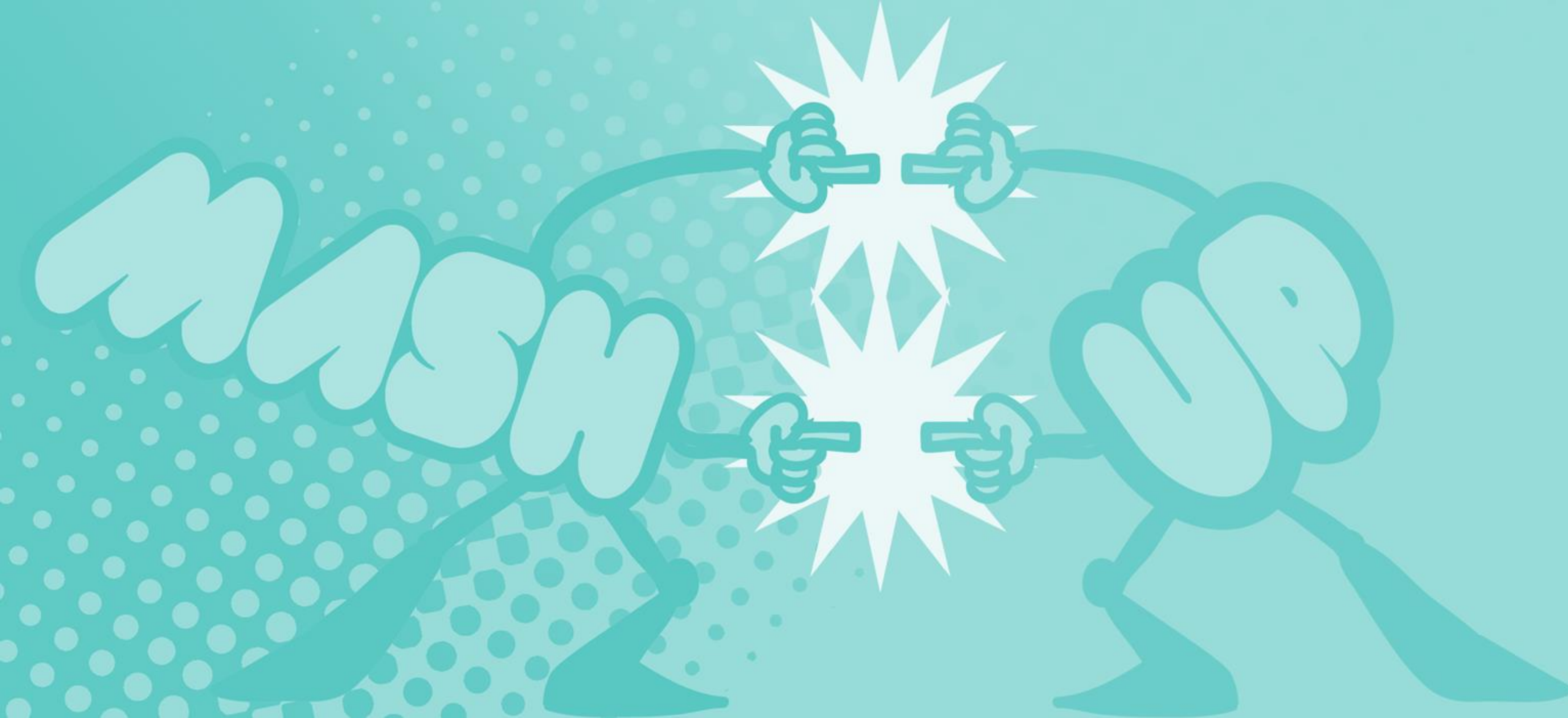
- E.g., allow Medicare to negotiate with drug companies to secure “reasonable” prices for up to 250 types of medications
- If negotiations unsuccessful, penalties, up to taxing away up to 95 percent of gross sales

## Senate: Bipartisan Negotiations Fail; New Senate Democratic Plan

**FAILURE  
IS NOT AN  
OPTION**

- Medicare to negotiate prices for up to 10 drugs per year starting in 2026 and 20 starting in 2029
- Protections for new drugs: e.g., prices can only be negotiated on drugs on the market for at least nine years -- 13 years for complex “biologic” drugs
- Cap on out-of-pocket drug costs for Medicare beneficiaries at \$2,000/year starting in 2025.
- Bill must pass with all 50 Democrats supporting and Vice President Harris breaking tie





The End