

McDermottPlus Check-Up

McDermott+Consulting is pleased to provide the McDermottPlus Check-Up, your regular update on health care policy from Washington, DC.



THIS WEEK'S DIAGNOSIS: The Senate Finance Committee finally released its drug pricing package and moved quickly to a markup. The bill passed out of committee, but work will continue before the full Senate votes. We'll be watching closely as things develop.

CONGRESS

- + **SENATE FINANCE ADVANCED DRUG PRICING LEGISLATION.** Chairman Chuck Grassley (R-IA) and Ranking Member Ron Wyden (D-OR) released a [draft](#), and held a markup, of their sweeping drug pricing legislation, the Prescription Drug Pricing Reduction Act. The bill reforms the Medicare Part D program (including establishing a controversial inflation cap on drug price increases and changes to the Part D catastrophic phase), creates inflationary rebates in Medicare Part B and raises the rebate cap in Medicaid. The draft seemingly makes changes to the much talked about site neutral policy by removing the grandfathered protection for hospital outpatient departments as it relates to the site neutral payment policies implemented in 2017 (though the draft text is unclear on this issue). The White House endorsed the proposal, which the Congressional Budget Office (CBO) estimates would save taxpayers \$85 billion in Medicare and \$15 billion in Medicaid. However, it remains to be seen how much support the bill garners in Congress. Republicans have long opposed price caps, and many Democrats had hoped for price negotiation in Medicare. The bill ultimately passed out of committee with a vote of 19-9. All the Democrats voted yes along with five Republicans. Chairman Grassley said that he expects the full Senate to vote on the bill this fall, though such strong Republican opposition to the bill in committee will likely slow momentum.
- + **SENATE WILL VOTE ON MAJOR LEGISLATION THIS FALL.** In addition to the Finance Committee's drug pricing bill, Health, Education, Labor and Pensions (HELP) Committee Chairman Lamar Alexander (R-TN) announced that a vote on the Lower Health Care Costs Act ([S.1895](#)) would also not take place before the fall, abandoning his earlier hope that the Senate would vote at the end of July. The Finance bill's drug pricing provisions remain controversial among Republicans, and multiple Senators still object to the surprise billing portions of the HELP bill. Congressional staffers will be using the August recess to work on building compromise on these various issues, while stakeholders continue to push for their priorities. It is unclear how this will all come together in September.
- + **SENATE HELD HEARING ON ELDER ABUSE.** The Senate Finance Committee held a [hearing](#) to examine proposed reforms to reduce neglect and abuse in nursing homes and the need to reauthorize key provisions of the Elder Justice Act. The conversation focused

primarily on a Government Accountability Office [report](#) released this week that details abuse and neglect deficiencies in nursing homes and how to address them. Committee members broadly agreed that even one case of elder abuse is too many, and Chairman Grassley and Ranking Member Wyden expressed hope that Congress could enact bipartisan reforms to nursing home standards and oversight. Read our full summary of the hearing [here](#).

ADMINISTRATION

- + **CBO SAID BUDGET DEAL EXTENDS MEDICARE SEQUESTRATION.** This week, Congress and the White House reached a budget deal that CBO says will extend Medicare sequestration through 2029. CBO estimates that the deal will increase spending for Medicare beneficiaries by about two percent through September 2027, then reduce spending by two percent from October 2027 through March 2029, and by four percent through September 2029. The deal represents an effort to pay for lifting the discretionary spending cap established in the Budget Control Act of 2011, which would have forced Congress to cut discretionary spending by 10 percent across the board. The House passed the bill, the Bipartisan Budget Act of 2019 ([H.R. 3877](#)), by a vote of 284-149. The bill now heads to the Senate.

COURTS

- + **COURT UPHELD ADMINISTRATION'S STLDI RULE.** A federal judge ruled in favor of the Trump administration's rule that expanded the use of short-term limited-duration insurance (STLDI) plans. A group of seven industry stakeholders sought to overturn the rule, which they see as undermining the Affordable Care Act and an overreach of administrative authority. The plaintiffs plan to appeal the decision.
- + **JUDGE HEARD ORAL ARGUMENTS ON NEW HAMPSHIRE WORK REQUIREMENT.** Three advocacy groups are leading the charge to overturn the recently established Medicaid work requirements in New Hampshire. US District Court Judge James Boasberg, who previously ruled to overturn similar requirements in Arkansas and Kentucky, indicated that he is likely to rule against the New Hampshire requirement as well. However, the Trump administration asked Boasberg to delay his ruling to give New Hampshire time to submit an updated waiver application. The DC Circuit will also hear arguments appealing the Arkansas and Kentucky rulings this fall.

NEXT WEEK'S DOSE

The House is out of session for the August recess. The Senate has one more week before leaving town as well. Negotiations will continue over both drug pricing and surprise billing legislation.

For more information, contact [Mara McDermott](#), [Rachel Stauffer](#), [Katie Waldo](#) or [Emma Zimmerman](#).

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