

# McDermottPlus Check-Up: March 26, 2021

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



**This Week's Dose:** The Senate passed a bill to suspend Medicare sequestration. The White House announced funding for programs to support coronavirus (COVID-19) vaccine access and uptake in underserved communities.

## Congress

- + **Senate Passed Sequester Relief.** The legislation would avert the reinstatement of the 2% Medicare sequester, set to take effect April 1, 2021, through the end of the year. The provision is offset by extending sequester cuts through September 30, 2031. Unlike the recently-passed House [bill](#), the Senate agreement does not address the estimated 4% cut triggered by the [American Rescue Plan](#) (ARP) that is expected to begin in 2022 (the Statutory Pay-As-You-Go Act of 2010 requires that automatic payment cuts be put into place if a statutory action creates a net increase in the deficit, which the ARP did). The Senate legislation now must be approved by the House, and the House is expected to do so, but the timing is unclear. The House is currently scheduled to be out of session until April 13, but could reconvene earlier and specifically to take up the bill before the April 1 deadline. If the House does not act quickly, the Centers for Medicare and Medicaid Services (CMS) could hold provider claims for a short period, preventing the claims reduction in the short term and the need for reprocessing later. If the sequester cuts go into effect, CMS would need to act retroactively to restore Medicare funding that was reduced due to timing issues. While this is welcome relief for providers and plans, they will need to plan for the possibility of greater cuts triggered by the ARP, unless Congress can be persuaded to avert both cuts later this year.
- + **Congress Returned to Drug Pricing Conversation.** Senators Tammy Baldwin (D-WI) and Mike Braun (R-IN) reintroduced the [Fair Accountability and Innovation Research Drug Pricing Act](#), which would require drug companies to notify the US Department of Health and Human Services (HHS) of and provide justification for price increases. In addition, Senator Amy Klobuchar (D-MN) and Representative Peter Welch (D-VT) reintroduced [legislation](#) in the Senate and House, respectively, to let Medicare negotiate drug prices. Both bills were originally introduced in 2019 and are likely to be part of ongoing congressional efforts to address the high cost of prescription drugs. House Democrats are reportedly considering combining drug pricing provisions with other legislative priorities, such as infrastructure investment, in another reconciliation package (which would only require 51 votes to pass the Senate instead of 60). Many of the drug pricing proposals introduced in recent years would save the federal government significant amounts of money, which could be used to offset the cost of the rest of the reconciliation package.

## Administration

- + **White House Announced Funding Allocation to Increase COVID-19 Vaccinations.** The [funding](#), provided largely by the ARP, will go towards increasing vaccine access and confidence in underserved communities. HHS will provide \$6 billion for community health centers to support testing and vaccinations, \$3 billion to states and localities to support programs aimed at increasing vaccine access and uptake, and \$330 million to jurisdictions to support community health worker services. In addition, the Administration [encouraged](#) community health centers to expand their vaccine eligibility to essential workers and those with underlying medical conditions, and announced that it will soon allow dialysis clinics to provide vaccinations. Ensuring equitable distribution of COVID-19 vaccines has been a central pillar of President Biden's pandemic response plan, though [data continues to show](#) lagging vaccination rates among communities of color.

## States

- + **Wyoming May be Next to Expand Medicaid.** The state House passed a bill this week to enact Medicaid expansion, the first state to do so since passage of the ARP. The ARP provided a 5% increase in the Federal Medical Assistance Percentage for eight calendar quarters for new expansion states as a financial incentive. The Wyoming bill could still fail to become law (the state Senate defeated a similar bill just this week), but its progress in the Republican-controlled legislature is a sign that other non-expansion states (most of which are Republican-led) may take similar steps.

## Quick Hits

- + The Senate Health, Education, Labor and Pensions committee held a [hearing](#) on addressing health disparities, and the Primary Health and Retirement Security Subcommittee held a [hearing](#) on US drug prices.
- + The House Energy and Commerce Health Subcommittee held a [hearing](#) on legislation to build on the Affordable Care Act.
- + The House Ways and Means Oversight Subcommittee held a [hearing](#) on private equity's role in healthcare.
- + The Senate voted 57 to 43 to confirm Vivek Murthy as Surgeon General with seven Republicans joining all Democrats to vote in favor of his nomination.
- + A group of Democratic lawmakers sent a [letter](#) urging the Biden Administration to establish a new White House Office of Sexual and Reproductive Health and Wellbeing.
- + The Administration [announced](#) that it is extending the COVID-19 special enrollment period for Marketplace coverage through August 15, 2021.
- + HHS [delayed](#) a Trump Administration final rule that would require agency regulations to be reviewed every 10 years or be automatically repealed. The new effective date is March 22, 2022.
- + HHS [announced](#) that it plans to rewrite a Trump Administration [final rule](#) that barred healthcare providers who offer abortion services or referrals from receiving funding under the Title X family planning program.

## M+ Resources

- + In recognition of the 11<sup>th</sup> anniversary of the signing of the Affordable Care Act, McDermottPlus VP Rodney Whitlock discusses how the law has changed healthcare policymaking, and current efforts in Congress to build on it on this week's episode of the [Health Policy Breakroom](#).

**NEXT WEEK'S DIAGNOSIS:** The House and Senate adjourn for a two-week recess, though the House may reconvene to pass sequestration relief legislation. The Office of the National Coordinator for Health IT will hold its 2021 Annual Meeting on March 29 and 30. Register [here](#).

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