AMERICA'S PHYSICIAN GROUPS

WASHINGTON UPDATE

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Matt DoBias
Vice President, Congressional Affairs
America's Physician Groups

Garrett Eberhardt
Executive Director, Medicaid Policy
America's Physician Groups

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Biden Signs Major Prescription Drug, ACA Provisions Into Law

President Joe Biden on Tuesday signed into law the Inflation Reduction Act, which contains a slew of provisions affecting health care. Collectively, these provisions will benefit many patients receiving care from APG member groups.
Under the law, the federal government will for the first time be required to negotiate Medicare's prices with pharmaceutical companies for a limited number of high-cost drugs, beginning in 2025. The statute will also require drug companies to pay rebates to Medicare if their prices rise faster than overall inflation; cap the out-of-pocket expenses that Medicare Part D beneficiaries' pay for their medications at $2,000, starting in 2025; cap beneficiaries' out-of-pocket insulin expenses at $35 a month; eliminate beneficiaries' cost sharing for vaccines, and expand eligibility for the Part D low-income drug subsidy. The law also permanently repeals a controversial Trump Administration rule on prescription drug rebates.

Importantly, the legislation also extends enhanced Affordable Care Act tax credits enacted in the 2021 American Rescue Plan to avert losses of health insurance during the COVID-19 pandemic. These enhanced subsidies will now be in place through 2025, making coverage purchased through the state and federal Marketplaces more affordable for millions of Americans. The Department of Health and Human Services (HHS) released data had previously estimated that 3 million Americans—or roughly 15 percent of those buying coverage in the individual health insurance market—would have lost ACA coverage if the enhanced tax credits had expired in December 2022, as originally scheduled. Millions more would have faced higher premiums without the enhanced subsidies

MACPAC Sees Coverage Gap as Individuals Leave Medicaid, CHIP

A study released July 1 by the Medicaid and CHIP Payment and Access Commission (MACPAC) found that most beneficiaries who moved from Medicaid to Affordable Care Act marketplace coverage experienced a gap in coverage averaging three months. From 2017 through 2019, the study concluded, only 3 percent of those who were disenrolled from Medicaid and CHIP enrolled in ACA coverage within a year.

The study comes as states across the country face the challenge of transitioning beneficiaries from Medicaid coverage to private insurance when the COVID public health emergency (PHE) ends -- along with federal policies to increase coverage, expand benefits, and adjust federal financing for state Medicaid programs during the pandemic. The Biden Administration has signaled that it plans to keep the PHE—and many of the health care provisions enacted for its duration—in place at least through the end of 2022, but the fate of these policies after the PHE expires is uncertain. Although many individuals who lose Medicaid coverage are expected to be eligible for marketplace coverage, the MACPAC analysis suggests that many eligible individuals may not enroll. The result could be delays for patients in receiving routine care, and lead to them eventually.

The MACPAC study found that although the average coverage gap that those disenrolled from Medicaid experienced was three months, gaps were longer for Black, Hispanic, and American Indian and Alaskan Native beneficiaries than for white, non-Hispanic adults (73 days for white non-Hispanic adults versus 105 for Black non-Hispanic adults).Most beneficiaries who disenrolled from Medicaid or CHIP in 2018 returned to the same program within one year—a move often referred to as “churn”—or simply did not enroll in another insurance program.

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