



STRATEGIES

*Flash Update*

# **What the New Administration and Congress Mean for Health Plans and PBMs**

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# Today's Speakers

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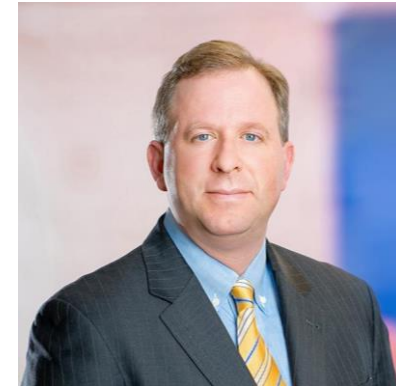


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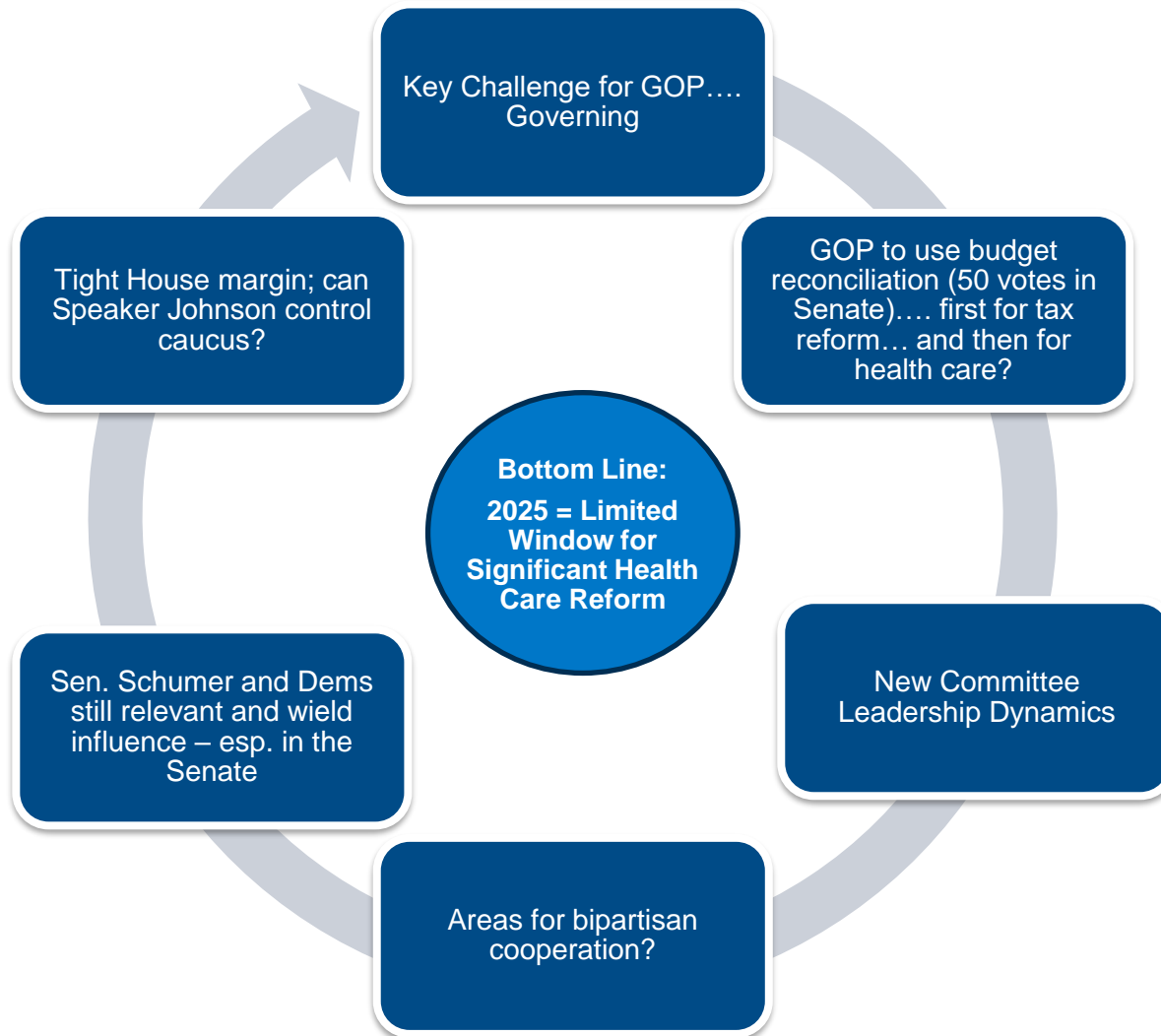
# Top-Line 2024 Election Takeaways....



- Trump wins electoral college - 312 votes
- Trump wins the popular vote (unlike 2016)
- US Senate flips to GOP control
  - 3 seat majority
- GOP likely to maintain control of U.S. House
  - slim majority

**GOP Assumes Control over  
Executive and Legislative Branches**

# What Does It All Mean?



# 2024 Election: Health Care Issues

- During the campaign, Former President Trump, Vice President Harris, and Congressional Leadership **did not call for the significant health care reforms** that we've seen in recent elections
  - No pledges to "repeal and replace" the ACA or transition the private insurance market to a "Medicare for All" single-payer framework
- Instead, the incoming Trump administration and the GOP-controlled Congress will focus on a range of health care issues, including:
  - Potential modifications to the Affordable Care Act (ACA);
  - Medicare (including the new Medicare drug price negotiation program);
  - Medicaid reform;
  - Pharmacy benefit manager (PBM) reform; and
  - Market-based health insurance reforms

# Health Care Priorities – 119<sup>th</sup> Congress

## Republican Leadership

- Trim down the ACA
- Reduce spending on Medicaid
  - Institute “block grants”, work requirements, and eligibility limits
- PBM oversight and reform
- Market-Based Approaches:
  - HSA/HDHP Enhancement
  - High Risk Pools
  - Association Health Plans (AHPs)

## Democratic Leadership

- Protect the ACA, Medicaid, and Medicare
- Address the maternal health crisis
- PBM oversight and reform
- Restore *Roe*’s protections for reproductive rights
- Increase health care access and equity
- Continued scrutiny on private equity

# President Trump on Health Care

- Modify the ACA, instead of repealing and replacing it
  - Eliminate ACA marketplace subsidies and cut funding for outreach efforts
- Potential large scale Medicaid changes
  - Work requirements for Medicaid eligibility, Medicaid block grant funding, and the end of the ACA's Medicaid expansion
- Keep in place the IRA's price negotiation program, but push for smaller price reductions
- Leave reproductive rights to the states



# Key Potential Players – Trump Administration



**Robert Kennedy Jr.**

– Announced Nominee to oversee Department of Health and Human Services



**Dr. Mehmet Oz**

– Announced Nominee to lead the Centers for Medicare & Medicaid Services





# Key Congressional Potential Health Players

## Senate

### HELP Committee



Sen. Cassidy (R-LA)



Sen. Sanders (I-VT)

### Finance Committee



Sen. Crapo (R-ID)



Sen. Wyden (D-OR)

## House

### E&C Committee



Rep. Latta (R-OH5)



Rep. Guthrie (R-KY2)



Rep. Pallone (D-NJ6)

### Ways & Means Committee



Rep. Smith (R-MO8)



Rep. Neal (D-MA1)

# What to Look Out For on The Hill: Health Care

## The ACA, Medicaid, and Medicare

- Legislation to modify these programs

## House GOP Priorities

- Reduce federal health care bureaucracy
- Medicaid reform
- Reform IRA drug price-setting
- Expanding rural access to health care
- Market-based health insurance reforms

## Senate GOP Priorities

- PBM reform
- Medicaid reform
- Market-based health insurance reforms
- Social Security Bipartisan Working Group....

# PBM Reform: Potential Bipartisan Priorities

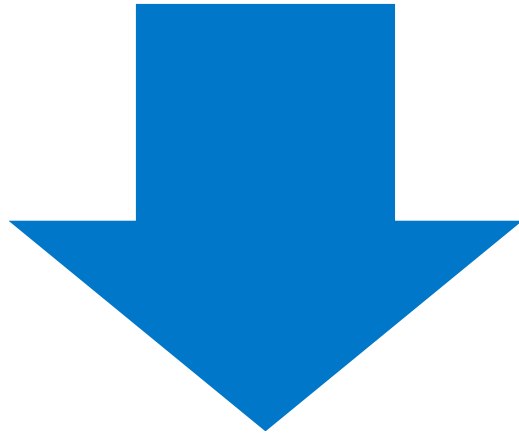
## Banning Spread Pricing and Implementing Delinking Policies

- The Senate's Modernizing and Ensuring PBM Accountability Act, voted 26-1 out of Committee, would delink PBM compensation from the price of a drug in Medicare Part D and prohibit spread pricing in Medicare
- The Lower Costs, More Transparency Act, passed by the House, would prohibit PBMs from spread pricing in Medicaid and require semi-annual reports from PBMs on drug costs, rebates, and formulary placement rationale

## Increasing Transparency and Ensuring Accountability

- The PBM Transparency Act, which advanced to the full Senate by a 18-9 vote, would require that PBMs disclose information about rebates, including the amount passed through the plan sponsor, to the FTC
- The same Act also expressly authorizes the FTC to crack down on unfair or deceptive conduct committed by PBMs

# What to Look Out For in Administration



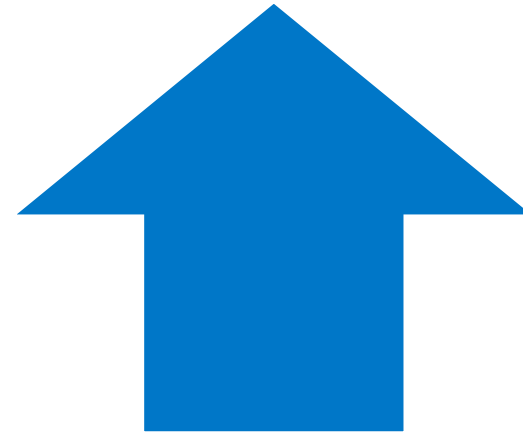
## Traditional Republicans

- Pro-Business
- Anti-Regulation
- Lower Taxes

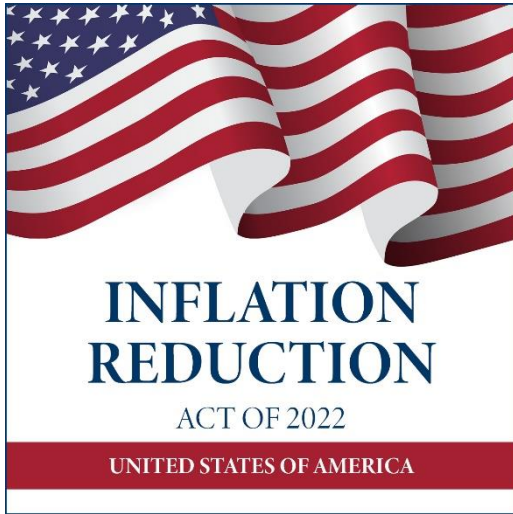


## Populist Wing

- Distrustful of Government Institutions
- Blame Large Corporations (e.g., Pharma, Food Industry) for Poor US Health



# Administration Impact - Pharma



- *IRA* – Modification but no wholesale repeal
- *FTC* – Positive for Pharma M&A
- *Drug Ads* – 1<sup>st</sup> Amendment obstacles
- *Vaccines* – Manufacturer liability protections
- *March-in Rights* – Off the Table
- *PBMs* – Legislative Focus Shift

## The Bayh-Dole Act



FTC Sues to Block Biopharmaceutical Giant Amgen from Acquisition That Would Entrench Monopoly Drugs Used to Treat Two Serious Illnesses

The \$27.8 billion acquisition of Horizon Therapeutics plc would enable Amgen Inc. to stifle competition for thyroid eye disease and chronic refractory gout treatments, the agency says

# Administration Impact - Insurers

## Affordable Care Act

- No repeal
- End to Enhanced Subsidies
- Potential loss of ACA lives – higher uninsured rate
- Negative for ACA plan sponsors

## Medicaid

- Likely to face cuts
- 41 states use private insurers to run Medicaid programs
- Loss of revenue for insurers administering Medicaid Managed Care Plans

## Medicare Advantage

- Typically favored by Republicans
- Recent allegations that overpaid
- Biden Reforms (payment cuts, audits)
- Targeted Fixes and Improvements?

# Administration Impact – PBMs, M&A, FDA, Etc.

- **PBM Regulation and Legislation**
  - Continued FTC Scrutiny?
  - Federal Legislation?
- **Market Expects M&A Activity to Open Up Under Trump**
  - Slow deal-making due to high interest rates, exorbitant valuations, difficult regulatory environment – PE scrutiny, FTC enforcement
- **FDA**
  - RFK Influence?
    - Fluoride in water, Processed Foods, Vaccines
- **Women's Reproductive Health**
  - Abortion rights left to the states
  - Access to Medication, Fertility Services, IVF





# What to Expect in Lame Duck Session



## “Lame Duck” Congressional Session



## Potential health-related provisions in play:

Medicare telehealth flexibilities  
Medicare payment extenders  
Legacy bills



## Potential upcoming vehicles?

End of Year Omnibus? Tax Reform Legislation Spring 2025





Questions?