

Post-Election National Health Policy Issues: Recovery? Resilience?

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November 6, 2020

Key National Health Policy Issues

- **Divided nation with urgent public health and economic crisis in critical phase during Presidential transition**
- **Most important issue: legislation – or not – on COVID-19 response and recovery**
- **Limited potential for other major health policy reform without bipartisan support**
- **Next phase of value-based care**
- **Federal support for state reform leadership**

First Order of Business: COVID-19 Response and Recovery

COVID-19 Response

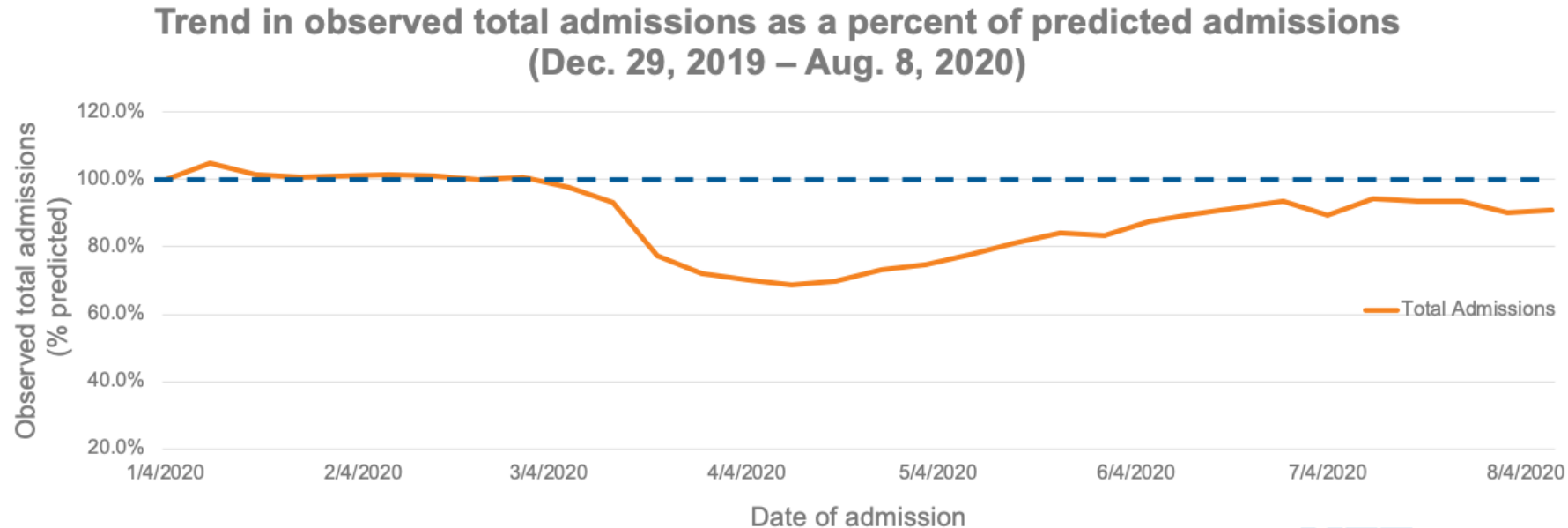
1. Enhancing mitigation measures (ease and economic impact depend on PPP or similar)
2. Therapeutics: access to monoclonal antibodies, other treatments with no copays
3. Vaccination: Fed/state partnership on engagement, administration; postmarket evidence
4. More extensive and effective testing
5. Reopen schools and other priority settings
6. Resilient health care system – not just provider relief

Economic Recovery

1. Paycheck Protection Program, expanded Unemployment Insurance, stimulus payments
2. State assistance
3. Health insurance assistance
4. Other supplemental expenditures to support response and infrastructure

Impact on (Fee-for-Service) Providers? Part 1...

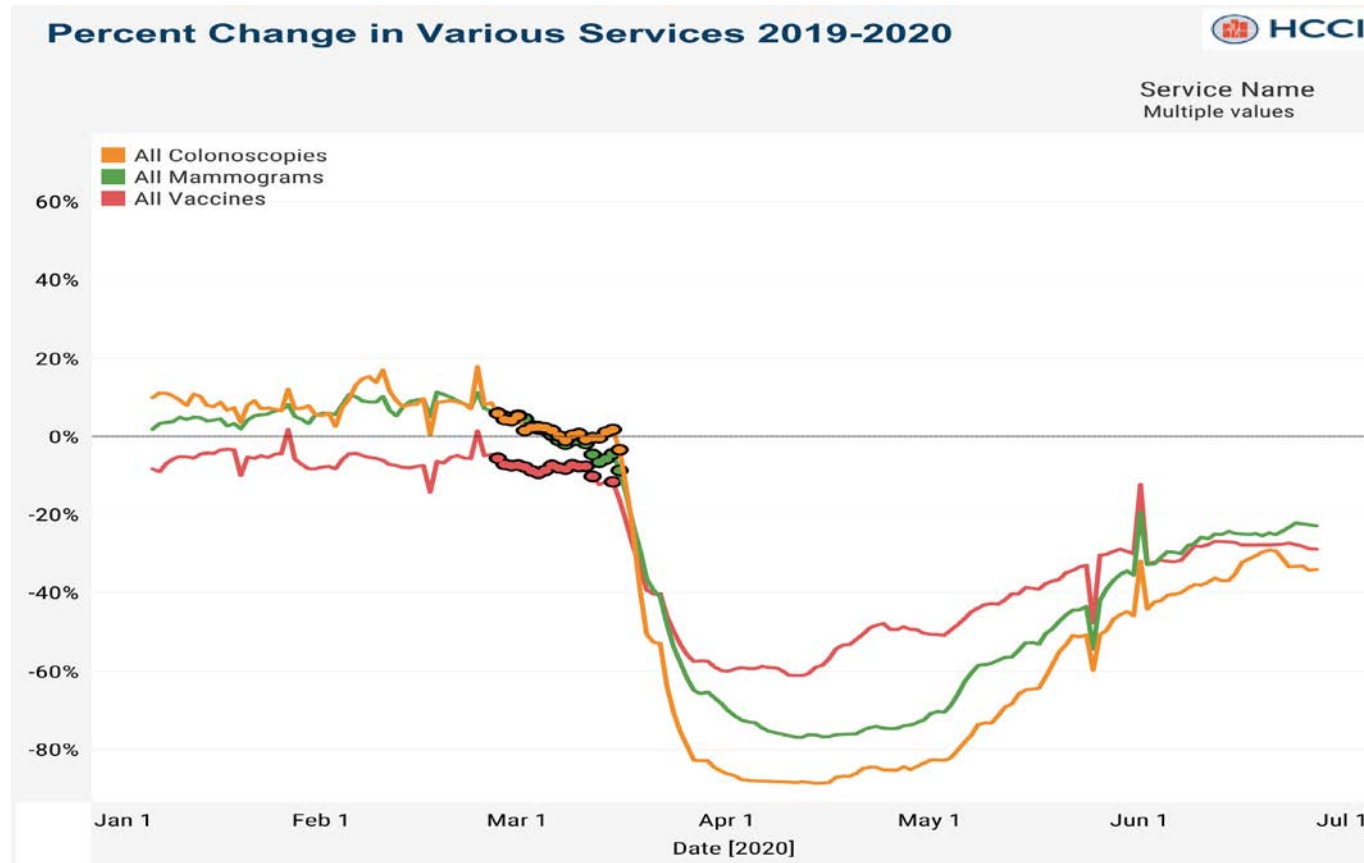
Overall Admissions Decreased in March and April but Were Back at About 95% of Predicted Admissions by July 2020



SOURCE: Epic and KFF analysis of Epic Health Record System COVID-19 related data as of September 2020.

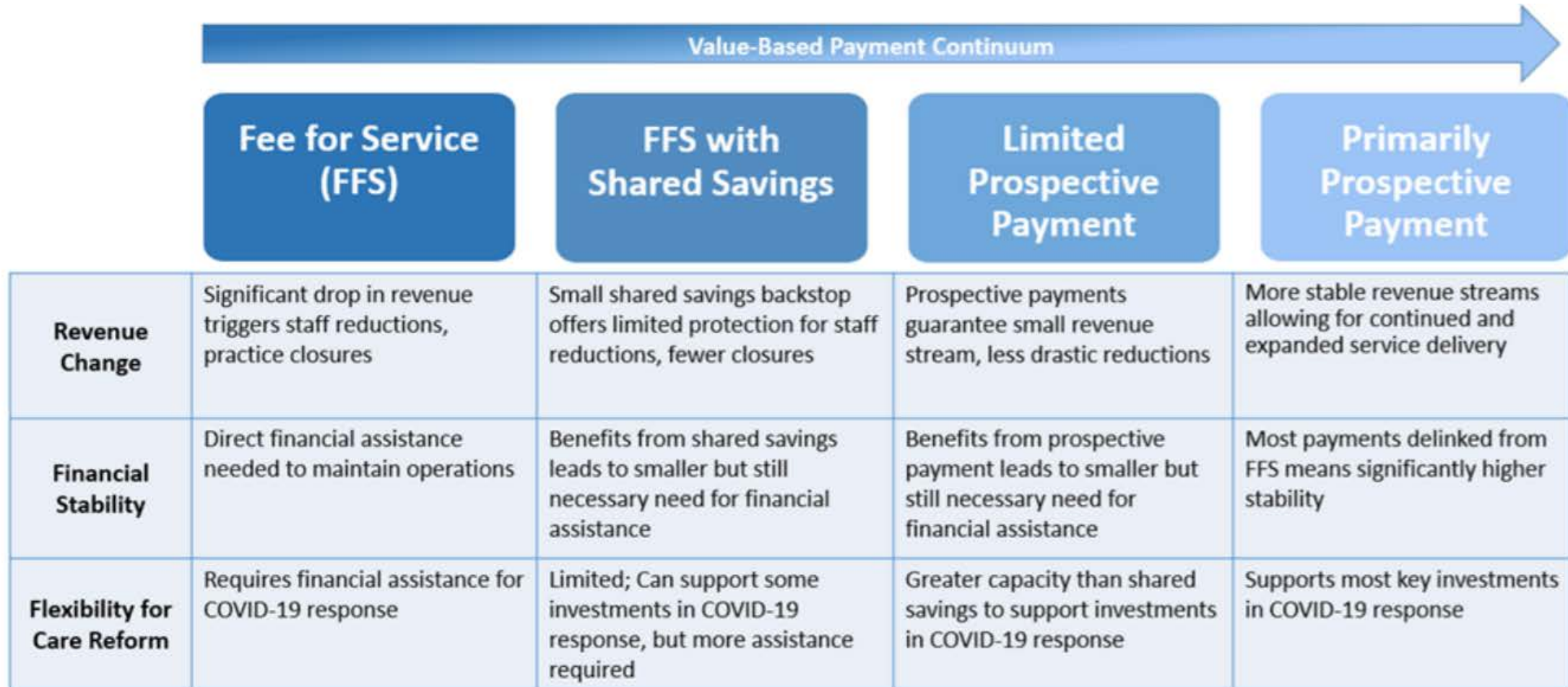


Impact on (Fee-for-Service) Providers? Part 2...



Source: <https://healthcostinstitute.org/hcci-research/the-impact-of-covid-19-on-the-use-of-preventive-health-care>

COVID-19 has impacted providers differently in value-based payment vs. fee-for-service



June 10, 2020

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
Washington, D.C. 20510

Dear Speaker Pelosi, Minority Leader McCarthy, Majority Leader McConnell, Minority Leader Schumer:

We are writing as former leaders of the Centers for Medicare and Medicaid Services (CMS) with regard to the role of payment and regulatory flexibility in responding to the COVID-19 pandemic, and in addressing serious challenges in access to care and disparities in health outcomes in the pandemic and beyond. CMS payment and regulatory flexibilities, along with Congressional emergency assistance to providers, play a critical role in public health emergencies. This is a national emergency unlike anything we had to address during our times at CMS, and we support the payment steps taken so far by the agency and Congress to assist clinicians, hospitals, and other health care providers. Health care providers have been critical for addressing surges in cases and outbreaks.

To avoid future situations where providers must deliver care under crisis conditions, and to help patients get the care they need while avoiding COVID-19 risks, providers need support for redesigning how they deliver care in the pandemic. We encourage Congress, CMS, and HHS to take steps in any further payment assistance that enhance the ability of health care providers to contain COVID-19 and create a more resilient American health system.

We propose three steps to support clinicians and other health care providers in the COVID-19 response and in building on these reforms for the future:

- Additional COVID-19 provider relief payments or loan forgiveness should include steps that are critical for pandemic containment. These might include such steps as participating in regional COVID-19 testing and tracing activities, implementing care models that treat more patients at home, and implementing other steps to redesign care to address gaps in access caused by the pandemic. We estimate the cost of initial investments in these activities in the \$30 to \$50 billion range. Effective COVID-19 response is a theme in previous relief payments, so that existing CARES Act funds can also help support these goals.
- Providers who receive additional support or loan forgiveness should take further steps to move from fee-for-service into alternative payment models in 2021-22 that enable continuation of broader telehealth, flexible site of service, and other reforms that should last beyond the pandemic. Along with the short-term assistance, this linkage will give health care providers needed clarity about a path forward, enabling them to take the steps needed to build on their initial reforms during the emergency.
- These actions should be designed in a way to encourage states and commercial plans to participate along with CMS, building on activities they are implementing already.

Former Administrator Letter June 10, 2020

“We encourage Congress, CMS, and HHS to take steps in any further payment assistance that enhance the ability of health care providers to contain COVID-19 and create a more resilient American health system.”

Mark McClellan, Andy Slavitt, Don Berwick,
Tom Scully, Bruce Vladeck, and Gail Wilensky

COVID-19 Payment Reforms and Health Care Resilience

Medical Practices

Now: Non-FFS Resilience Payment

- COVID-19 testing, data sharing, and containment activities
- Telehealth and remote monitoring to support home and community-based care



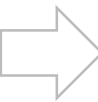
2021-2023: Implement Alternative Payment Model

- Potential APM Options: Advanced Medical Home, Direct Contracting, Physician-led ACO**
- Continued telehealth, site of service, and care team flexibilities to facilitate transition into an APM
 - Continued population health management activities



Hospital-Based Systems

- COVID-19 testing, data sharing, and containment activities
- Resources to treat COVID patients
- Resources to modify staffing and workflows to limit exposure risks



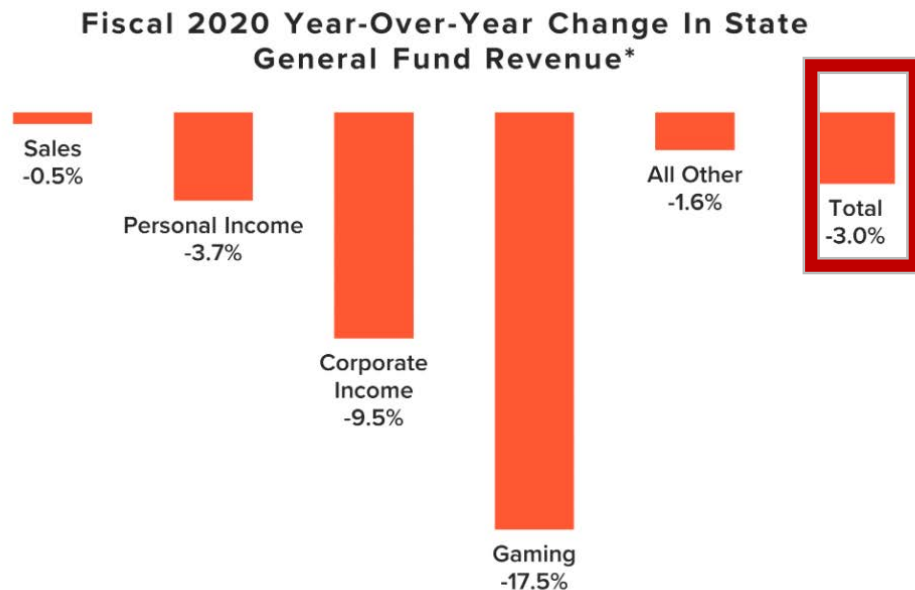
- Potential APM Options: Direct Contracting, Partial-Capitation Accountable Care Organization, Broader Bundled Payments, Global Budgets for Rural Hospitals**
- Continued telehealth, site of service, and care team flexibilities to facilitate transition into an APM
 - Enhanced telehealth services to support delivering symptom management and other check-ins from home

Health Care Payment Learning and Action Network Shared Resiliency Commitments



Will States Lead on Reform with Divided Congress?

State budgets, already stressed before COVID, will face huge shortfalls over the next two years.



- This is for FY 2020 (June 2019-June 2020); shows only the effect of the first few months of what is expected to be a multi-year revenue shortfall.
- NASBO reports that many state agencies are preparing for budget cuts of at least 15-20% in response to continuing declines in revenues
- States already reducing education expenditures and other priority services

Coverage Expansion?

- 12 states have not yet adopted Medicaid expansion and will likely need incentives to expand...
 - Additional financial incentives, e.g. substantially enhanced federal match – but substantial support would require Congressional action
 - Additional flexibility for states, e.g. option of work requirements, additional cost sharing, or expansion to 100% poverty level – but new administration may not be willing to do this
- Potential bipartisan initiatives on increasing enrollment among program-eligible uninsured: more than half of uninsured Americans (~16M) are eligible for Marketplace subsidies or Medicaid or other public programs

Other State Actions That New Administration Could Support

- Section 1115 or other Medicaid waivers, supported by model waivers or other Administration assistance
 - States have previously used Section 1115 waivers to implement new payment or delivery reforms (e.g., *North Carolina's Healthy Opportunities Pilots focusing on social determinants of health*) – but only waivers approved during pandemic have been COVID-related
 - Medicaid managed care contracting reforms
- Improving ACA exchange function and participation via administrative action
- Multi-payer reforms, supported by CMMI models, Section 1332 waiver guidance, etc
 - More states using or considering cost benchmarks, commissions, or authorities
 - Current administration is advancing regional contracting and total cost-of-care models
- Medicaid drug pricing reform, supported by CMS guidance
 - Subscription models; Pharmacy Benefit Manager (PBM) reform; modifying best price rule to allow for alternative contracts; formulary exclusions/ stronger restrictions

Thank You!

Contact Us



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