Health Policy in an Era of Disruption

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Welcome

Stuart Altman, Sol C. Chaikin Professor of National Health Policy, The Heller School for Social Policy and Management, Brandeis University

Chairman Stuart Altman welcomed the conference participants to the 27th Princeton Conference and thanked the generous sponsors. The Princeton Conference started in 1994 by Uwe and May Reinhardt to provide analysis into the Clinton Health Reform Plan. The conference was taken over by Stuart Altman and the Council for Health Care Economics and Policy with support from the Robert Wood Johnson Foundation. Altman continues to run the conference with a broad group of advisors and a diversified group of sponsors.

Conference Opening: Medicare for All, Public Option, and the ACA

Main Speaker: Mollyann Brodie, Ph.D., Executive Vice President and Chief Operating Officer, Executive Director, Public Opinion and Survey Research, KFF (Kaiser Family Foundation)

Mollyann Brodie discussed public polls conducted by KFF that revealed a persistent partisan chasm, which could be a persistent barrier to significant policy changes. Nevertheless, the panelists thought the new administration would make strides in addressing the COVID pandemic and tackle smaller bipartisan issues such as surprise billing, drug pricing, price transparency, and protections for preexisting conditions. State innovation will continue but be hampered by budget deficits and more reliant on federal aid. The primary priority is for the federal government to step up and coordinate a comprehensive COVID-19 response.

Mollyann used polling data to capture key topics focused on the voters' minds leading up to the November 2020 election. Brodie explained the election started and ended as a referendum on President Donald Trump. Policy issues were correlated to peoples' feelings about the President. At the beginning of 2020, healthcare (costs and access) was a top voting issue. By voting night much had changed with, COVID-19 being the top voting issue (41% of all voters, 59% of Biden voters, 22% of Trump voters), followed by the economy/jobs (28% of all voters, 9% of Biden voters, 48% of Trump voters).

Political differences surrounding the pandemic will be critical for the new administration to resolve. Biden voters see addressing the pandemic as a critical threat to public health and economic recovery. Trump voters were skeptical about masks and the seriousness of the pandemic. President-elect Biden will need to convince the broader public that the virus must be dealt with to deal with the economy.

In terms of other healthcare issues, public perspectives on the ACA had not changed since March 2017, when President Trump attempted to repeal it. Despite Republican opposition, the specific ACA benefits enjoy bipartisan support, including preexisting condition protections, modified community ratings, the extended coverage of grown children to age 26, and covering the cost for preventive care. The graphic below shows Democratic and Republican polling results for favorability of ACA provisions.
Additionally, the pandemic did not change the public’s general opinion about Medicare-for-All or the Public Option. A slim majority continued to approve of both, but the opinions diverged along partisan lines. However, the findings did reveal that how the plans are described significantly changed their favorability.

Other opportunities for bipartisan agreement could open up on smaller health policy issues, including:

- maintaining protections for people with preexisting conditions,
- prescription drug costs,
- surprise medical billing,
- restoring funding for ACA marketplaces open-enrollment period and restricting short-term health plans
- federal funding for reproductive healthcare for lower-income women, and
- reducing LGBTQ discrimination in healthcare.

**Panelists**

**James C. Capretta, Resident Fellow and Milton Friedman Chair, American Enterprise Institute (AEI)**

James Capretta agreed with Brodie about deep public divisions and limited near-term possibilities for major health policy reforms. He thought the Republicans would likely not put out their own healthcare plans as they were not compelled to do so over the past four years. The Republicans will more likely be in reactive mode to any Biden initiatives. Given polarization and a likely divided Senate, an ambitious aggressive agenda done on a partisan basis will be tough.
The U.S. is at a crossroads ten years after enacting the ACA, and parties could come together to work on a more limited number of issues. Capretta suggested that bipartisan issues that could move forward include: price transparency, a further movement towards value-based care, drug price regulation, surprise billing, and other insurance tightening measures. He concluded that Senator McConnell would “be in the catbird seat” to negotiate with the Biden administration, should the Republicans maintain the Senate. At this point, it did not look promising for what some predicted would be a “blue wave,” and the partisan bickering would persist into the Biden Administration.

**Vivek Murthy, MD, 19th Surgeon General of the United States**

Vivek Murthy stressed the urgency of dealing with what was another significant surge of COVID pandemic. There needs to be a coordinated federal response to support the states and the people on the front lines. Locally, mayors and governors have stepped up to put mask mandates after hospitals filled up in their communities. As the pandemic worsens, the effects have caused these leaders to lean into restrictions, whether or not the public likes it.

Murthy spoke about the stress the pandemic caused healthcare workers and the resulting burnout and anxiety. He suggested that this could have unforeseen and long-lasting effects on the healthcare worker community. This strain has driven more doctors and nurses to speak up to public officials to do more. This generation of clinician advocates is more activated and engaged than ever before and will likely continue after the pandemic.

Murthy noted that the public was tired, frustrated, and scared after nine months of dealing with COVID-19. The consequences of fatigue have led many local health departments to trace outbreaks back to small social gatherings. Typically, communities try not to police people’s behavior in their own homes, so it puts the onus on individual action to slow or stop the spread.

Ultimately, the biggest challenge in public perception boils down to trust. As Brodie noted, pre-election many were concerned with politics interfering with authorization of the vaccine. He felt it was telling after all the public’s challenges that nearly fifty percent of people said they still would not take the vaccine. Therefore, one of Biden’s challenges will be to rebuild trust both for the vaccines and for the system at large. The most crucial questions the Biden administration will have to answer:

- Where does misinterpretation spread? What is the role of social media platforms? What should their role be?
- How do we harness trusted sources at a local level? (pastor, teachers, nurses, doctors)
- How do we engage local voices when it comes to vaccine adoption?
- How do we rebuild trust in institutions themselves?

Dr. Murthy noted that the CDC’s credibility, one of the most respected institutions in the U.S. and the world, has been badly damaged. The new administration needs to restore this trust in order to address this and future pandemics effectively.
Audience Discussion

Opening discussion, the audience members asked the panel if it was possible to restore government trust. Brodie noted that media has never been more siloed and differentiated. People often pick their “media tribe,” which is often an echo chamber for partisan beliefs. Particularly in areas less dense and urban, many live without ever hearing opposing opinions to their own. Murthy suggested that the administration highlight common threads or values such as wanting their children healthy and well educated. He noted it is “hard for people to feel faceless national figure knows them and gets what they are going through.” Murthy then underscored the need to recruit and engage a diverse set of trusted messengers within the communities to talk about these issues. He concluded there are three core values all people across cultures and countries share:

1. We all want to be seen and understood for who we are,
2. We all want to know that we matter,
3. And we all want to be loved.

If people feel they are seen and understood, they are more likely to open their minds to scientifically-based ideas.

The discussion turned to how states’ role versus the federal government might change in the new administration. Murthy predicted we will continue to see activity at the state level but will see even more activity at the federal level in providing guidance and marshaling resources states have been clamoring for. From clinical experience, he noted that people do not want to hear “no,” as in “do not eat that donut,” “do not smoke,” “do not drink.” Negative messages tend to make people stop listening. The federal government needs to find a way to say “yes” in their guidance. This might include saying how students can safely attend a school or how communities can safely attend faith gatherings.

Brodie worried soaring state budget deficits due to high unemployment will severely limit their ability to ensure their citizens’ health and wellness. This may be particularly true in states that did not expand Medicaid. Capretta underscored state activity is dependent on the stimulus bill. He also noted that the Trump administration added significant flexibility to state activity in several areas.

Altman ended the session focusing on the themes of deep division and partisanship that resonated throughout the rest of the conference. He suggested that the Biden administration's priority will be to ensure people have access to the provisions pledged under the ACA. Shoring up the ACA can be done through administrative action. However, depending on the Senate’s outcome, additional changes could happen through the budgetary process too.
Session 2: Post-Election National Health Policy Issues

In this session, panelists further explored the possibility of bipartisanship agreements. The panelists felt negotiation with Senator McConnell will be critical. However, some policies could move through executive order and/or administrative rulemaking. Like the first session, all panelists agreed bipartisan opportunities were limited to drug pricing, price transparency, surprise billing, and some incremental fixes to the ACA. While the panel did not explicitly focus on COVID-19, each panelist explained the effects of COVID-19 on policymaking and stakeholder actions through a different lens. All felt budgetary restrictions would severely limit state action.

Chair of Session: Elizabeth J. Fowler, Ph.D., J.D., Executive Vice President for Programs, The Commonwealth Fund

Elizabeth Fowler introduced the panel and set the framework for discussion.

Panelists

Dean Rosen, Partner, Mehlman Castagnetti Rosen & Thomas

Dean Rosen noted that Biden has the shortest coattails since JFK, meaning fewer Democrats in the House and a tossup in the Senate. Senator McConnell's role will be critical, particularly if the Republicans retain control of the Senate. Senator McConnell may be open to deals because of his vast experience, his respectful past working relationship with Biden under the Obama administration, and because there are serval moderates in both parties (e.g., Collins, Murkowski, Manchin, Sinema) who could form a powerful swing bloc in a divided Senate. On the other hand, Senator McConnell might be antithetical to any Biden initiatives to protect 20 Senate races in battleground states in the 2024 elections. Further, at least five GOP senators are eyeing the White House for the 2024 race, who will be looking for opportunities to conflict with the White House. Additionally, (now majority leader) Senator Schumer is up for reelection and needs to affirm a successful progressive agenda for the Democrats, and Speaker Pelosi must hold a smaller majority together.

Despite the potential barriers to deal-making, Rosen noted the President can still pass a lot of healthcare policy. Below are some key issues he thinks President Biden could move forward:
Rosen also felt the pandemic opened congressional opportunities to provide more flexibility in Medicare and Medicaid to cover social determinants and telehealth. He concluded six aspects the new Biden administration will need to embrace for successful policymaking: 1. Be innovative, 2. Be collaborative, 3. Be pragmatic, 4. Be bipartisan, 5. Align policy issue priorities with corporate/organizational values, 6. Lead.

Wendell Primus, Senior Policy Advisor on Budget and Health issues to Speaker Nancy Pelosi

Wendell Primus outlined bills that he and his team have moved through the House during the Trump administration. These will be policies to build upon with a new administration and Senate.

The HEROES 2.0 bill builds off the HEROES 1.0 that passed the House in May 2020. HEROES 2.0 considered the changes in virus mitigation strategies, such as a $75 billion proposed for testing, contact tracing, and isolation infrastructure changes. The bill also updated how people get health insurance coverage after losing their job, so anyone receiving unemployment insurance (UI) would get the most generous ACA coverage.

Additionally, two major health bills were passed through the House in the last 12 months, focusing on improving affordability. H.R.3 Drug Negotiation provides the Secretary with the authority, mandate, and tools (meaning information) to negotiate the price of prescription drugs (not price settings). The negotiated prices would apply to all payers. The bill rewards innovation by taking R&D costs and innovation into consideration in negotiations. He quoted economist Avik Roy who said, “It is almost certain that if there were fewer drugs developed, it would be the least innovative drugs that were abandoned.” It also generates significant savings (roughly over $500B over ten years).
H.R. 1425 ACA Enhancements Act uses the savings from H.R. 3 to improve the ACA. Improvements include an increase in ACA subsidies, incentivizing Medicaid expansions, lowering the uninsured rate, combat health disparities for new mothers one year post-partum, fixing the family glitch, and undo some of the provisions the Trump administration made. Savings from H.R.3. were also used to improve Medicare benefits such as dental, vision, hearing coverage, and Part D reform.

Primus also shared concerns about Medicare premiums outpacing Social Security Cost of Living Adjustments (COLA). He noted that in the last 11 years, the COLA adjustment had been zero while Medicare Premiums have been increasing. If there were not post ad-hoc adjustments to the premiums, the average person would have had 84% of their COLA taken away, which is supposed to supplement increases in costs like food, energy, and housing. To address this issue, Primus and his group will be proposing a provision that guarantees beneficiaries receive at least half the value of COLAs after Medicare premium increases.

Mark McClellan, MD, Ph.D., Director, Duke-Margolis Center for Health Policy, Robert J. Margolis, MD Professor of Business, Medicine and Policy

Mark McClellan suggested that additional pandemic relief could expand economic recovery efforts by building on the Paycheck Protection Program, expanding unemployment insurance, adding stimulus checks, providing assistance to states, enhancing health insurance assistance, and other supplemental expenditures support response and infrastructure. He also highlighted the importance of finding ways to reopen schools safely.

McClellan suggested that pandemic related reductions in revenue for providers paid through fee-for-service (FFS) could provide additional incentives to move to value-based healthcare. Social distancing requirements led to significant reductions in utilization, creating a significant financial loss in hospitals. Relief payments helped somewhat, but the utilization is not bouncing back quickly. Alternative payment organizations such as ACOs or partial capitation models had less or, in some cases, no adverse financial impact. These organizations were in better shape because they were already doing more in primary care engagement, telehealth, community-based care, and beginning to address some of the social determinants of health. Below is a summary of the varying effects of COVID-19 on different types of providers by payment arrangements.
In closing, McClellan suggested that states will continue to play a major role in policy and innovation, but they are significantly hampered by major budgetary restraints resulting from economic decline. State revenues are projected to decline by 15-20% over the next two years. There are still 12 states who have not expanded Medicaid under the ACA. McClellan suggested that getting these states to expand may take increased financial incentives and policy flexibility. Other state actions the new administration might support are new uses of the 1115 waivers to expand coverage or Section 1332 waivers to create cost containment strategies.

**Audience Discussion**

In the discussion, Primus suggested that in addition to addressing COVID-19, another top priority for the new administration would be to expand ACA subsidies and coverage, particularly in the non-expansion states. Elizabeth Fowler then asked Rosen if there were any version of the public option he thought Republicans would accept? Rosen thought any version of the public option is likely off the table, and likely only Moderate Republicans would be open to it on a very incremental basis. The only way he saw it going through was if it were very narrowly targeted and a Democratic Senate.

Finally, Fowler asked McClellan if there were any COVID-19 lessons learned from an international perspective. McClellan stated that the countries with the most robust public health systems had the greatest success in reducing spread. Western Europe had an easier time shutting down because they provided more financial support to affected businesses and individuals. At the same time, they were able to keep critical infrastructure open like schools. He was hopeful that increased testing technology such as at-home kits might help move the U.S. towards a more successful approach.

In response to a question about Medicare's impending insolvency, the panel suggested that it is possible to reduce Medicare costs without sacrificing the quality of care and value. Primus noted Medicare solvency issues are mostly linked to the Hospital Insurance fund and tax reforms that fund it. He was confident that
action would be taken to assure that the Medicare Trust Fund would not run out of money. Rosen added that a more significant issue is the growth of entitlement programs and the timing of tackling deficit deduction during COVID-19, when the primary focus is increasing relief right now. He thought perhaps after 2022, there might be a newfound focus on controlling costs again. He also explained that solvency issues are related to the Baby Boom demographic and not just rising healthcare costs.

Another audience member asked the panelists whether the new administration had the tools to support state flexibility, such as Colorado’s efforts towards a public option or California’s work towards a single-payer system? McClellan responded he felt CMS does have some opportunities to make a more straightforward public option or multi-payer approach. He thought the Maryland reforms around the all-payer global budget or model waivers are good examples. He reiterated states are genuinely focused on COVID-19 relief right now. Looking ahead, they will have limited budgets or bandwidth for anything else, so any kind of guidance or flexibility the government can give will be vital for these types of programs.

Fowler asked the panelists what actions they predict, given the AMA’s announcement of drug shortages as a public health crisis. To mitigate shortages of essential medications, McClellan predicted the most fundamental changes policy changes would include: 1. A shift in how Biomedical Advanced Research and Development Authority (BARDA) and HHS make investments, 2. the push for the private sector to make investments in domestic manufacturing, and 3. the creation of new ways to supply critical drugs efficiently. McClellan also thought these changes could have implications on biosimilars, which are new medications with a highly similar make-up to drugs already on the market. Finally, on a state level, there might be other policy opportunities to modify Medicaid drug pricing away from FFS towards value-based or population-based like a few states have already tried to do.

Stuart Altman closed the discussion by adding that states like MA, NY, CA, DE, WA, and NC are acting on health care cost control and innovation, drug pricing for Medicaid, surprise billing, and other policy issues. He agreed with McClellan about states not having the money for action but noted they still have regulatory authority and will use it.
Session 3: COVID-19 Impacts on the Healthcare Delivery System

This session focused on the COVID-19 positive and negative impacts on the healthcare delivery system and opportunities for change. Dr. Maybank focused on the disproportionate adverse effects of COVID-19 on people and providers of color. Dr. Ferris used an organizational perspective to describe the pandemic's impact on academic medical centers and opportunities for cooperation with competitors. Finally, Dr. Fulmer focused on long-term care and nursing home facilities as a central area for concern and reform.

Chair of Session: Julie Morita, MD, Executive Vice President, Robert Wood Johnson Foundation

Julie Morita reflected on the devastating effects of COVID-19 exacerbating systemic and structural barriers to the nation's health and wellbeing. In the midst of the pandemic, health systems made rapid and innovative changes. They broadened the scope of practice, loosened licensing barriers, embraced telehealth, and began to see a newfound urgency to address social determinants of health. She explained this panel's goal was to analyze COVID’s impact on health care delivery, including issues like sustainability, innovation, and health equity.

Panelists

Aletha Maybank, MD, MPH, Chief Health Equity Officer and Group Vice President, American Medical Association

Aletha Maybank explained how COVID-19 fast-tracked digital transformation in healthcare delivery and hoped parallel adoption of health equity, justice, and anti-racism efforts could be achieved. When COVID-19 started, there were many national conversations around Black, LatinX, and Native American communities disproportionately affected by preexisting conditions. The American Medical Association (AMA) and other advocacy organizations added context and evidence to the national conversations to highlight the root causes of inequity due to racism. Black, Indigenous, and people of color were more likely to live in close quarters in highly segregated and under-resourced neighborhoods with structures that reinforce inequities. The AMA elevated the impact of social and political determinants of health and the devastating consequences of the pandemic’s disproportionate impact on marginalized and minoritized communities.

The AMA also did a deep dive into how the pandemic impacted physicians of color within the healthcare delivery system. Below are some of the key findings from several of their surveys:
In response, the AMA launched a bi-weekly web series, “Prioritizing Equity,” to illuminate how COVID-19 and other determinants of health uniquely impact marginalized communities, public health, and equity, with an eye on both short-term and long-term implications. The AMA also declared racism a public health threat for the first time in their history in November 2020. They also committed to removing racial essentialism (the belief that people of different races are biologically distinct groups) from the healthcare system and supported the elimination of race as a proxy for ancestry, genetics, and biology in medical education, research, and clinical practice.

Maybank highlighted the need to:

- Further diversify the health care workforce,
- Improve train around anti-racism in the context of public health,
- Establish performance standards within payment models related to structural racism and equity, and
- Advocate for equitable innovation in delivery, design, and workforce.

She concluded the health care system needs to center on racial justice and equity, and be more explicit about the impact of othering and its intersection with white supremacy.

**Timothy Ferris, MD, Chief Executive Officer, Massachusetts General Physicians Organization**

Timothy Ferris explained how COVID-19 brought providers together for a singular purpose. Ferris credited the National Institute of Health (NIH) for providing resources that enabled academic medical centers to pivot infrastructure and use residents to create research groups and disseminate information rapidly.
COVID-19 accelerated many existing innovations. Digital health analytics on clinical operations and finances finally brought about productivity gains. System capacity also transformed in the wake of COVID-19 into what he coined “coopetition,” bringing competitors together to share regional level loading and equipment. Financially, his academic medical center was down by 20%, but the federal funds made up 75%, although he cautioned his hospital was lucky. The federal relief funding was rationally designed but poorly implemented and capricious regarding who got the money. Finally, Ferris thought management throughout healthcare systems would continue to be leaner as a result of COVID-19. For example, his hospital started using phone bots to answer questions, and it increased productivity and satisfaction for patients. Below is an example of how his hospital used integrated management technology to streamline patients better.

He concluded, like Maybank, that the pandemic also revealed deep existing inequities. One example of this was an overwhelming request for Spanish-speaking interpreters. Ferris advocated for future investment into the hardest hit communities.

Terry Fulmer, Ph.D., RN, FAAN, President, The John A. Hartford Foundation

Terry Fulmer highlighted the devastating impact of COVID-19 has had on long-term care facilities. While only 0.05% of the total U.S. older adult population reside in nursing homes, nursing home deaths accounted for 40% of all pandemic mortality. She built off Maybank’s comments on “otherism” to include foundational ageism.

The most significant issues with nursing homes and COVID-19 were: staffing, infection, prevention, PPE, social isolation, and racial/ethnic disparities. Fulmer explained most nursing homes were built in the 1960s in an institutional and almost prison-like style. The old infrastructure combined with poorly paid and trained
The CMS Commission for Safety and Quality in Nursing Homes convened 25 diverse members and over 600 public comments to release a report in September 2020, including 27 recommendations and 100 action steps for nursing homes. The report contained ten significant themes: testing and screening, equipment and PPE, cohorting, visitation, communication, workforce ecosystem: resident safety, workforce ecosystem: strategic reinforcement, technical assistance and quality improvement, facilities, and nursing home data.

Some promising strategies to redesign physical and operating models to accommodate future pandemics include:

- Homogenous group placement – e.g., hospice, memory centers
- Smaller facilities – e.g., Green Houses
- Nursing home alternatives – e.g., PACE day centers
- Short-stay rehabilitation patients in “extended care wings” of hospitals

For these changes to happen, stakeholders need to create fundamental policy reform that invests in change, research on a redesign, and advocacy.

**Audience Discussion**

Morita began the discussion by asking Maybank about opportunities she sees for 2021. Maybank noted an increased demand for guidance on embedding equity into healthcare systems and physician associations, so her team at the AMA will be putting forth more guidance. Additionally, suggesting that data creates accountability, she thought there was an opportunity to require healthcare systems, payers, and insurers to set up data collection systems with inclusive metrics to document progress in reducing inequity. The intention to eliminate health disparities and promote health equity needs to be greater and more explicit.

Morita then asked Ferris about the scope of practice and licensure policy changes that helped mitigate workforce barriers in the pandemic. Ferris expressed concern that the flexibility in the scope of practice will revert after the pandemic and continue to create access barriers. He also shared that telehealth innovations have overcome some of the state licensure barriers in pediatric mental health areas specifically. Fulmer added a quote by Don Berwick, “get rid of dumb rules,” regarding nursing homes also being over-regulated and more focus needed on quality and safety. Maybank noted that having an institutional focus on quality and safety can also be an opportunity to drive equity.

Next, Morita probed Fulmer about the future role of bundled payments in nursing homes. Fulmer suggested that to truly test the cost savings; a state needs to adopt it fully for all transitions from acute care to long-term care to home-based care. There are many questions about increasing Medicaid rates without increasing the spend-down requirements, but not much action around those questions.

The audience asked the speakers about necessary steps to protect providers and caregivers from burnout. Ferris responded that addressing provider burnout requires reduced productivity pressure and fewer administrative and menial tasks.
Another audience member wondered if there are specific metrics Maybank recommends to providers and health systems to track their diversity and health equity efforts? Maybank replied she believed in an “inside-outside” strategy. The inside strategy includes workforce diversity, the types of contracts made, and the vendors who are chosen. The outside strategy includes understanding patients’ social needs and creating metrics that assess both engagement and trust with communities. Another example of how to do this includes creating a patient advisory council.

Closing Remarks

The virtual Princeton conference concluded with Stuart Altman's remarks about the new Biden administration's potential to make some headway in addressing the pandemic and take some immediate action on other issues through executive order and regulation. However, political polarization will make more extensive changes to the healthcare system a continuing challenge.