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# Health Policy Briefing

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## Health Care at the Second Presidential Debate

During the second presidential debate last week, Republican nominee Donald Trump and Democratic nominee Hillary Clinton went head to head on their policy proposals related to the Affordable Care Act (ACA). An undecided voter at the town-hall style debate asked how the candidates would improve the high costs and coverage of the 2010 health care law. Clinton expressed support for the law and outlined ways that it is protecting all Americans. She acknowledged the problems of rising premiums and health care costs, but stated the importance of improving the law, rather than repealing it, in order to expand coverage and lower the costs of premiums, deductibles and prescription drugs. Citing "astronomical" premium increases as a result of the ACA, Trump called for the repeal and replacement of the health care law, supporting the ability of insurance companies to sell plans across state lines. He claimed that people with pre-existing conditions would still be able to get health insurance coverage under his plan, and also called for turning Medicaid into a block grant program.

### *Administration Continues Support for Cadillac Tax*

The chief economist for the Council of Economic Advisers reiterated the case for the Cadillac tax on high cost health plans at an event hosted by the Mercatus Center last week. Matt Fiedler, one of President Obama's top economists, stressed the importance of implementing the excise tax rather than repealing it permanently, especially without a replacement – which is what both candidates for president this year have promised to do. Fiedler did express support for making revisions to the tax, such as adjusting it for regions with higher health prices. The so-called Cadillac tax would impose a 40 percent tax on the most expensive insurance plans, and would provide a means for offsetting the cost of the Affordable Care Act (ACA). The tax would begin in 2018, two years after the initial start date, a result of the bipartisan congressional vote to delay the tax last year.

### *Inside*

## *Brookings Releases Report on Surprise Billing*

The Brookings Institution has released a new **report** that includes recommendations for lawmakers to solve the problem of surprise out of network bills. Such bills can occur in emergency situations, when patients do not have the capacity to check whether the emergency room or hospital they are brought to are in-network. Other times, patients are held liable for the cost of care provided by a single out-of-network provider, even if the patient did everything they could to ensure they remained in-network for a scheduled medical procedure. The Institute calls for policymakers to take comprehensive action that targets surprise billing situations systematically to include at least all common hospital scenarios, rather than just emergency situations. They support federal action that either addresses patients covered by self-funded Employee Retirement and Income Security Act (ERISA) plans, or authorizes states to do so. Brookings also calls for improved transparency and notice to patients about out-of-network charges, as well as the enacting of measures that hold patients financially harmless from additional costs associated with surprise non-network bills. The report encourages hospitals to increase network participation by key physician specialists. Finally, Brookings urges policymakers to select from among several regulatory and dispute-resolution approaches to fairly compensate nonparticipating providers, without distorting health plans' and providers' market negotiations.

## *MACRA Final Rule Released*

The Centers for Medicare and Medicaid Services (CMS) released its long awaited final rule last week outlining how the agency would implement the Medicare Access and CHIP Reauthorization Act (MACRA), legislation that repealed the sustainable growth rate (SGR) physician payment formula and replaced it with a system designed to base reimbursement on the quality of care provided. CMS received more than 4,000 comments on the proposed rule, and more than 100,000 stakeholders participated in sessions with CMS to provide feedback on the draft. In response to concerns about the administrative burden of the payment overhaul on providers, CMS decided that practices with less than $30,000 in charges to Medicare's outpatient program, or no more than 100 patients enrolled in Medicare, will be exempt from the new regulations. The flexibilities in the final rule were applauded by many lawmakers, including Energy and Commerce Committee Chairman Fred Upton (R-Mich.), Ranking Member Frank Pallone, Jr. (D-N.J.), House Ways and Means Committee Chairman Kevin Brady (R-Texas), and Ranking Member Sander Levin (D-Mich.). "We're pleased to see the administration responded to many of our concerns and followed our recommendation to provide clinicians and practitioners more flexibility in the issuance of the final rule for MACRA," the lawmakers said. "These steps help enhance practitioner participation in new Medicare payment opportunities that will ultimately improve patient care and outcomes." Prior to the release of the final rule, Acting Administrator Andy Slavitt announced new long-term efforts on the part of the agency to increase clinician engagement. As part of this effort, CMS will launch an 18-month pilot program aimed at reducing the regulatory burden on physicians participating in the advanced alternative payment model (APM) track of MACRA.

## *Administration Announces New Funding for Health Care Initiatives*

The White House has announced that it will direct $70 million in new funding to the Brain Research through Advancing Innovative Neurotechnologies (BRAIN) Initiative at the National Institutes of Health (NIH). With this money, the NIH will be able to provide over 100 new grants to more than 170 researchers. Last week's announcement brings total federal investment in the BRAIN Initiative to $150 million in fiscal year (FY) 2016. The administration also announced that it would direct $16 million in additional funding for the Precision Medicine Initiative. The funds will be awarded to four regional medical health care organizations (California Precision Medicine Consortium, Geisinger Health System, New England Precision Medicine Consortium, and Trans-American Consortium for the Health Care Systems Research Network) to assist in the creation of a database of health care information.