

HEALTHCARE UPDATE – DEMOCRATS SAVE KEY GOVT. PROGRAMS BUT GOP ASSAULTS CONTINUE AFTER DEBT CEILING DEAL

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Medicare, Medicaid, and most of the climate related provisions of the Inflation Reduction Act escaped the draconian cuts demanded by House Republicans in their negotiation over the national debt ceiling. Congressional Republicans and the White House reached a last-minute agreement to raise the debt ceiling that includes healthcare wins for both political sides. It is estimated that the supporting legislation of the deal will save about 1.5 trillion over ten years, although there are only two years of hard caps and unenforceable spending targets after that.

Despite the end of this chapter of political confrontation over healthcare, the GOP assault has been revived in June with new legislative initiatives to defund provisions of the Inflation Reduction Act and its healthcare obligations. Moreover, key pharmaceutical industry players have recently initiated lawsuits against the government to defang requirements of the Inflation Reduction Act which impose increasing controls over the price of medicines for senior citizens.

The deal suspends the debt ceiling until January 2025, a date past the next presidential election. It doesn't include Medicaid work requirements, a key priority for the White House, but it does claw back billions of unspent COVID-19 relief funds. Most important, it does not impact the big entitlement programs that are responsible for the bulk of federal spending, like Medicare, Social Security and Medicaid CHIP (Children's Health Insurance Program).

Crucial to the compromise is a budget deal which keeps spending flat for 2024 and where savings come from "domestic discretionary spending," under programs that Congress appropriates money for every year. Furthermore, it boosts spending for defense and veterans, limits an increase of 1% for 2025 and grants Democrats an important win with expanded health benefits that expire in 2030 for veterans, homeless people and young people aging out of foster care.

Major provisions of the agreement are the following:

Veterans care

Medical care for veterans remains fully funded at the levels included in President Biden's proposed 2024 budget. It maintains a fund of \$ 20.3 billion dedicated to veterans who have been exposed to toxic substances or environmental hazards.

Unspent COVID money

The agreement revokes about \$30 billion in undisbursed relief funds that Congress approved through prior bills, including the American Rescue Plan and the Coronavirus Aid, Relief and Economic Security (CARES) Act, both landmark COVID relief packages.

The legislation preserves previous pandemic fundings for veterans' medical care, housing assistance, the Indian Health Service, and \$5 billion for a program focused on developing the next generation of COVID-19 vaccines and treatments.

Agreed cutbacks include federal funding originally allocated for the general population for COVID testing and distribution, mental health awareness and education. Also discontinued were fundings for pandemic mitigation plans for different industries including agriculture and railroads as well as rental assistance, small business loans and broadband for rural areas.

Work requirements

The agreement expands work requirements for the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps, and those on the family welfare benefits program. SNAP is not a health care or a public health program, however, it is recognized that nutrition has a significant impact on our health and health care system.

Exempt from these food stamp requirements are veterans and homeless people. The final prerequisites are significantly lower than those defined in the debt ceiling bill approved earlier by the GOP majority House. Eliminating these types of food programs has been a priority of many years for Republicans.

Work requirements already existed for most able-bodied adults between the ages of 18 and 49. The bill phases in higher age limits bringing the maximum age to 54 by 2025. The new provisions expire in 2030 then bringing the maximum age back down to age 49.

The agreement also makes it harder for states to waive work requirements for SNAP for certain individuals. Current law allows states to issue some exemptions to the work rules on a discretionary basis, but limits how many people can be exempted. The agreement would further lower the number of exemptions that a state can issue and restrict the ability of each state to carry over the number of exemptions they can issue from month to month.

The accord also makes changes to the program for Temporary Assistance to Needy Families which gives cash aid to families with children. It allows states to require fewer recipients to work and updates the credit to make it harder for states to avoid.

What's not included

Work requirements for some Medicaid recipients, this initially required by Republicans, was left out of the final agreement. That proposal was strongly opposed by the White House and congressional Democrats, who said it would lead to fewer people able to work to afford food or health care without actually increasing the number of people in the workforce.

Under the GOP proposal, 600,000 Americans, mostly low- and moderate-income people who are capable of working and are between 19 and 56 years old, would have lost their health care after being expelled from federal Medicaid funding, according to an analysis of the Congressional Budget Office. That would save the government \$109 billion over the next decade, the CBO estimated, which is just a fraction of the \$32 trillion in federal debt amassed by Republican- and Democratic-led administrations. This is in addition to the million plus people who have lost coverage this year due to the unwinding of pandemic programs.

It is noted that most adult Medicaid recipients already work. Of the ones who do not work, they already qualify for exemptions on grounds like disability. On a big problem. It turns out, is that when work requirements are in place, many enrollees who are actually complying with the law, end up losing benefits anyway due to poor data on the state level due to such factors as communications issues and outdated addresses for enrollees.

Impact on the Nation's Health Research & Innovation

Federal research agencies, however, could lose billions of dollars in the agreement. An \$8 billion decrease in research and development spending across the entire federal government is projected by

The American Association for the Advancement of Science (AAAS). The Centers for Disease Control and Prevention (CDC) is expected to lose about \$400 million for its global health efforts with the National Health Institute (NIH) more likely to get flat-funded instead of cuts.

Capping increases to only 1% in 2005, according to the AAAS, will constrain federal R&D investments from fully realizing the aspirational goal of catalyzing innovation in the United States. The federal government's newest research agency, the Advanced Research Projects Agency for Health (ARPA-H), could be in danger of facing cuts. The Biden administration created the agency with the idea that it would engage in novel research that is high-risk and potentially high-reward in finding cures for cancer and other diseases. As a new agency, the ARPA-H budget is modest (about \$1.5 billion), but lawmakers facing tough decisions may want to direct research dollars elsewhere.

Impact of Medicaid update on Florida coverage recipients

About 1 million people nationwide have lost Medicaid coverage since April of 2023 due to the winding down, effective May 11, of the federal and state pandemic public health emergency programs. About a quarter of them live in Florida. Since 2020, the State of Florida's Medicaid rolls have increased by nearly 1.8 million people when the federal government paid states extra money to keep people covered during the pandemic, even if they were no longer eligible.

As in other states, the Florida Department of Children and Families began in April of this year a review and removal of the more than 5 million people from the state's Medicaid rolls. Subsequently more than 461,000 people have been reviewed and more than half have had their Medicaid benefits terminated.

About 200,000 (80%) of those cancelled were disqualified because they failed to respond to requests for information needed to renew their eligibility. About 44,300 recipients were referred to other programs because their income was too high to continue to be eligible. Among the alternative programs used are Florida KidCare, a government-sponsored health insurance program, and federally subsidized health centers that treat low-income patients.

Continued GOP Assault Campaign to Kill Biden Health Care and Climate Change Successes

A growing roster of corporate and political foes have started to lay siege to the landmark law titled the Inflation Reduction Act. Their goal is to erode many of its key provisions before they take effect starting in 2023.

Signed into law last August by President Biden, this historic act programs significant investments in health care and climate change. Among the fiercest opponents to the new law is the pharmaceutical industry, which spent more than \$375 million to lobby in an attempt to block Congress from granting the government new powers to negotiate the price of selected prescription drugs under Medicare.

An additional challenge was presented on Friday, June 16 when Bristol Myers Squibb, the pharmaceutical giant and maker of the popular blood thinner Eliquis, sued the Biden administration over its forthcoming program to lower prescription drug prices for seniors. The case marks the third legal challenge against the U.S. government in June, raising the possibility that older Americans may never see cheaper pharmacy bills.

Bristol Myers Squibb argued in the litigation that the negotiation process defined in the Inflation Reduction Act violates the company's constitutional rights, particularly by forcing it to sell its medicines at steep discounts. The company earned \$46.2 billion in revenue last year of which close to 25% were from the sales of Eliquis, an anticoagulant medication that could be targeted for Medicare negotiation. In a separate statement Bristol Myers declared that any negotiating with the government would harm "millions of patients who are counting on the pharmaceutical industry to develop new treatments."

The lawsuit repeats the same arguments raised earlier in the month in litigation by Merck, another pharmaceutical giant which also sued the Biden administration in its attempt to insulate its lucrative diabetes and cancer drugs from potential price cuts. The industry's top lobbyists have also joined the legal fight to block new Medicare drug pricing provisions with a lawsuit filed on June 9th. Plaintiffs include the U.S. Chamber of Commerce whose members comprise drugmakers AbbVie and Eli Lilly.

The work process to implement the health provisions of the Act is in progress. The government is to identify the first 10 drugs it is targeting for negotiation by September, continue the review process into 2024 and see the agreed prices implemented in 2026. Additional drugs are to follow in subsequent years. Steep financial penalties would be faced by drug manufacturers that refuse to comply.

Separately, House Republicans leaders and members on the House Ways and Means Committee recently advanced a several bills cutting taxes for businesses on the condition that Congress revokes billions of dollars in funding and tax credits for other initiatives of the Inflation Reduction Act such as boosting clean energy, clean electricity development and promoting the sale of electric vehicles. All of these are important elements for Biden's plans to reduce carbon emissions and which GOP and other opponents have sought to undermine.

Conclusion:

For Democrats, the adoption of the Inflation Reduction Act in 2022 year secured the final component of Biden's vast economic agenda. It clinched the largest single burst of climate funding in U.S. history, and it introduced a number of long-sought health-care affordability programs targeted at seniors, including a cap on insulin prices for Medicare beneficiaries.

The early attacks against the law are reminiscent of the reception that greeted the Affordable Care Act more than a decade ago with an array of lawsuits from the insurance industry. These have been accompanied with multiple GOP-led efforts to repeal the landmark legislation known as Obamacare.

The core coverage provisions of the law have remained mostly untouched, but only after years of expensive, complicated legal and political fighting. The same battles may foreshadow the new and latest fight over drug pricing for the Democratic Party White House and legislators.

It remains incredible that a political party, the Republicans, would work so hard, and be an accomplice with the very profitable pharmaceutical industry in an all-out war to deny senior citizens affordable insulin and other crucial drugs to their health.

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