

Healthsperien Outlook for Health Care Policy in the Incoming Biden Administration

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Summary - Health care once again will take center stage as the Biden team sets priorities, though efforts to manage the ongoing COVID-19 crisis likely will slow action on calls to enact major changes to the health care system. We expect some administrative actions on the latter front, but intra-party tensions in the narrow Democratic majority will likely draw out the time and effort involved in developing a legislative strategy. Those factors will create both delays and opportunities for our clients to make their best case about initiatives important to them and to shape legislative efforts. Specifically, important education about the links between access to care and provider and payer rates will help to design new efforts to cover the uninsured.

Detailed Outlook

The Healthsperien team is actively monitoring and engaging on key issues in the health policy landscape and identifying potential reforms under the incoming Biden Administration, the 117th Congress, and in the states. We are also following the broader economic and budget outlook and the continued impact of and response to COVID-19, including the ongoing vaccine distribution program, and the impacts of the pandemic on home-based care, health system resources, delayed care, and mental health.

We had previously described in our high-level view that regardless of the Senate outcome, a Biden Administration would work well with whichever party held a narrow majority on shared health care priorities, including improvements to strengthen the ACA. We now expect that the Democratic wins in both Georgia races will create a more active and complicated environment for health care policy as the Biden Administration gets organized, establishes its priorities, staffs its executive branch agencies, and advances health care priorities. Effectively, the dynamics of a divided government will remain given a 60-vote threshold to pass non-budgetary legislation in the Senate and narrower margins in the House than in the previous Congress.

Overall, we see in the new Democratic-led scenario a rise in power of moderate Democrats over policy even as they have ongoing conflict with emboldened Progressives seeking a much larger role for government in health care. In the immediate term, we expect consensus in advancing policy proposals related to oversight of health care actions taken by the previous Administration. However, we anticipate that any substantial legislation on health policy will play out over a long timeframe, with opportunities for different stakeholders to engage, and will be limited by the challenging economic and budget outlook left by COVID-19 and related lockdowns. ***Policymakers will be looking for ways to reduce spending in health care even as they seek new ways to expand coverage; we will be following debates on that trade-off to help our clients better understand their impact.***

At the same time, we expect to see robust public activity and media related to Progressive health care interests. Progressives likely will pursue longstanding health care objectives that include greater government control over the health system, including through Medicare-for-All approaches, strong public plan designs, enhanced subsidies for insurance coverage, and scrutiny and action to control drug prices. We expect that that faction of the party will continue to pressure the incoming Biden

Administration to ensure their priorities advance, including through use of a budget reconciliation approach, and will see much attention and support from the health policy and research community and media on the advantages of that policy direction. ***Opportunities will emerge for our clients to weigh in on the impact of different types of proposals on the health care system of the future, and we will continue to identify ways for them to do so and generate constructive thought leadership.***

However, narrow Democratic majorities in both chambers mean more power will shift to moderates and centrists (including centrist Republicans) over important legislative initiatives. Legislation through reconciliation will be appealing to many, but the process itself has many complexities and hurdles. While we expect to see committee assignments reflect Progressive influence, we also see moderate Democrats holding the line against more radical proposals to reshape the health care system and proceed cautiously with the use of budget reconciliation. Initiatives to address the price of drugs will be front and center on a bipartisan basis, but difficult to find agreement on given concerns held by many moderates. Moderate Democrats such as Senators Joe Manchin (D-WV) and Kyrsten Sinema (D-AZ) will take center stage in a budget reconciliation vehicle while non-budgetary items and another COVID-19 relief package will make centrist Republicans the focus. ***Our team will remain focused on the practical realities of any health care initiatives emerging in the new Congress and help our clients separate the signal from the noise and be strategic in assessing opportunities going forward.***

Intra-party tensions for the Democratic majority will create both delays and opportunities for our clients to make their best case about initiatives important to them and to shape legislative efforts. Specifically, important education about the links between access to care and provider and payer rates will help to shape efforts to cover the uninsured. Similarly, we expect regulatory agencies to hire a blend of Progressive and centrist Democrats, including many veterans of the Obama Administration who have expertise and practical experience. Tensions will play out about how to satisfy the far-left part of the party while pursuing realistic initiatives that will have broad success and generate large political support for Biden. We continue to expect that the Supreme Court will uphold the Affordable Care Act (ACA) (though with unconstitutionality of the mandate) and that Congress will pursue strategic tweaks to the ACA rather than replacement.

A complicating factor will be how to pay for new initiatives given the bleak economic outlook and problematic budget future. Pressure to find savings by cutting provider and plan rates to pay for Biden ACA improvement priorities will likely be a focus. Tax initiatives only go so far before they hit the middle class, and Biden will want to balance revenue needs with a plan for economic recovery post COVID-19. ***Healthsperien will continue to make available to our clients our deep expertise on budget issues, our understanding of the Congressional budget process, and insights into the connection between cost estimates and public policy.***

While this tension plays out, the COVID-19 pandemic will dominate the health agenda and the first 100 days of the new administration. The Biden team will be focused on successful management of the pandemic and will continue to shape the vaccine distribution program and other initiatives (such as those related to testing and development of therapeutics) begun under the Trump Administration, including through renewed partnerships with Governors and support for state and local resources. The course of the virus remains uncertain and continued lockdowns are taking an even bigger toll on businesses and local communities where they are most severe. It remains unclear how the Biden team will organize themselves for the broader pandemic response. ***We will be closely following how the new***



administration will continue policies enacted during the public health emergency such as those related to telemedicine, press national solutions, lockdowns and mandates that may be politically unpopular, prioritize investments in public health, and distribute power and roles across agencies.

We see leadership at the Department of Health and Human Services taking a strong role in the direction of health policy depending on who, if anyone, is placed at the White House to lead health policy initiatives, though we expect COVID-19 and the Biden Task Force to take up much of the energy in the early days of the Administration. It remains uncertain how the incoming Biden administration will look to CMMI to continue improvements in the health care system but believe that social determinant programs will continue to expand. We also see a more aggressive administrative role in managing state Medicaid programs and prodding the remaining states to adopt the voluntary ACA Medicaid expansion. ***Given the importance of states in many health care initiatives and in client business interests, Healthsperien will ensure that we continue to offer a state perspective on legislative and regulatory developments.***