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GOVERNMENT RELATIONS

Health Update

March 4, 2020

House and Senate Leaders Release Coronavirus Supplemental

- *The package allocates $7.8 billion to respond to the COVID-19 outbreak.*
- *Products to combat COVID-19 developed using funds authorized by the package will be subject to certain pricing guidelines for government purchases.*
- *The House will pass the bill tonight, setting it up for quick passage in the Senate.*

House and Senate leaders reached a **deal today on a supplemental spending package** (bill text, summary, CBO score) to address the outbreak of the novel coronavirus, COVID-19. The $8.3 billion package — three times what the administration initially asked for — combines new funding for treatments for COVID-19, public health agencies, and community preparedness with a waiver of restrictions on Medicare telehealth coverage during the outbreak. The bill stipulates that vaccines, therapeutics, and diagnostics developed using funds authorized by the package must be made available to government purchasers for a **"fair and reasonable" price**, but does not go as far on pricing in the commercial market.

- **What's next?** The House is voting today to advance the package. It will be considered under suspension of the rules and is expected to pass. The Senate is expected to take up the package promptly with the goal of sending it to the President's desk by the end of the week.

The package authorizes **$7.8 billion in discretionary spending**, split between several different agencies. It also permits the Secretary of Health and Human Services (HHS) to waive certain telehealth restrictions in Medicare while there is a public health emergency surrounding COVID-19. That waiver is expected to cost just under $500 million. Lawmakers also included language to prohibit using the funds provided by the package for anything other than coronavirus response. In addition, the bill provides:

- $3.1 billion for vaccine, therapeutic, and diagnostic development and purchase through the Public Health and Social Services Emergency Fund;
- $300 million in contingency funding for vaccines, therapeutics, and diagnostics;
- $836 million for the National Institute of Allergy and Infectious Diseases to prevent, prepare for, and respond to coronavirus;
- $2.2 billion for the CDC to support federal, state, and local public agencies during the outbreak, including funding for CDC's repatriation and quarantine efforts, surveillance, and epidemiological investigations;
- $1 billion for Small Business Administration loan subsidies for businesses affected by the outbreak (scored at costing $19 million over ten years); and

- $1.2 billion for the Department of State's response to the outbreak and for global health and stability programs.

Additional policies of interest in the bill are discussed below:

- **Drug Pricing** — The supplemental package states that government purchases of coronavirus therapeutics, vaccinations, and diagnostics shall be made according to Federal Acquisition Regulation guidance on "fair and reasonable pricing." Medicare Part B covers many vaccinations including the seasonal flu vaccine and H1N1, and it is likely that Part B rather than Part D would cover an eventual COVID-19 vaccine. Additionally, the bill clarifies that the HHS Secretary may act under currently available tools to ensure that vaccines, therapeutics, and diagnostics developed using this funding package will be "affordable" in the commercial market. However, such actions may not delay product development.

- **Telemedicine** — The package authorizes the HHS Secretary to waive telehealth restrictions in the Medicare program during the COVID-19 outbreak. Medicare providers would be able to furnish telehealth services to beneficiaries regardless of geography for the duration of the outbreak.

- **Facilities** — Funding provided under the Public Health and Social Services Emergency Fund — the same bucket available for development and purchase of vaccines, therapeutics, and diagnostics — may be used to construct, alter, or renovate non-federally owned facilities to improve preparedness and response capability. Funding may also be used to expand private or state-owned facilities that can boost capacity of production of vaccines, therapeutics, and diagnostics, up to the discretion of the Secretary.