



# Weekly e-News

January 30, 2019

## Full Text of Weekly:

### Senate Finance and House Oversight Committees to Hold Drug Pricing Hearings

Both the Senate Finance Committee and House Oversight Committee held separate drug pricing hearings on Tuesday, January 29<sup>th</sup>. The Senate Finance hearing included testimony from economists, a patient advocate, and others, while the House Oversight hearing came after Cummings said he [sent letters](#) to 12 major drugmakers seeking documents about pricing practices for brand-name drugs to treat diseases including cancer, diabetes, kidney failure, and nerve pain.

Grassley announced [in a statement](#) last week that the Senate Finance Committee hearing will be "the first in a series of hearings scrutinizing prescription drug pricing and considering policy and oversight solutions to lower costs for American patients." Grassley's priorities for the Committee include a new plan for drug pricing and legislation co-authored with Sen. [Amy Klobuchar](#) (D-Minn.) that would allow patients to import prescription drugs from Canada.

Concurrent public hearings occurring on a single day shows the potential for bipartisan efforts to address rising drug prices. Today (Jan. 30), HHS Deputy Secretary Eric Hargan will speak at the Brookings Institution about the anti-kickback law's treatment of value-based pay arrangements, and the Chairs of the House E&C committee and its health subcommittee will follow with additional plans to hold hearings on drug-pricing issues. (InsideHealthPolicy).

### House Lawmakers Push New Bill to Repeal Cadillac Tax

Last Thursday, House lawmakers reintroduced legislation in a new attempt to repeal the Cadillac Tax, the Affordable Care Act's 40 percent excise tax on high-cost health plans. Known as the Middle Class Health Benefits Tax Repeal Act, the upgraded bill has garnered bipartisan support with pushes from Reps. Joe Courtney (D-CT), Mike Kelly (R-PA), Reps. Suzan DelBene (D-WA) and Elise Stefanik (R-NY). (InsideHealthPolicy). The Public Sector HealthCare Roundtable supports repeal of the tax.

While unable to pass repeal legislation in the past, House members have successfully delayed the tax from taking effect, with the current date set to take effect in the 2022 tax year. The tax itself was originally created as part of the ACA largely as a way to [help fund benefits](#) to the uninsured under the law.

"Contrary to its inaccurate name, the Cadillac tax does not just affect so-called 'overly generous' health plans," [says](#) American Benefits Council President James A. Klein. "It hits plans that are expensive for reasons beyond the control of employers and working families who are already stretched to the limit. Plans with large numbers of women, older workers, or families suffering from chronic conditions or catastrophic health events are most likely to be subject to the tax."

Rep. Courtney says that his bill is backed by a range of stakeholders, employers and patient groups, and is hopeful it will pass with bipartisan support.

## **Federal Judge to Consider Effects of AHPs in Case Against Department of Labor**

Twelve Democratic attorneys general from New York, Massachusetts, New Jersey, and others are challenging the ruling in *New York v. Department of Labor*, which broadened the definition of an employer under the Employee Retirement Income Security Act of 1974 (ERISA) to allow more small businesses to band together to establish an association health plan (AHP). (InsideHealthPolicy).

According to the attorneys general, the new AHP rules violate ACA provisions and would leave people who have health insurance with lesser or no coverage. Matthew Grieco, the attorney representing the attorneys general, also noted that the rules would [increase costs](#) for states, as well as the need to police newly created group plans for fraud.

"This is a rule that has a laser-like focus on hurting the ACA exchanges," said Grieco, adding that any injury to states, no matter how small the dollar amount, counts as injury. The plaintiffs also stressed that every state should have standing in the case, because all may be hit with additional regulatory costs due to the rule. (InsideHealthPolicy).

Bates heard more than two hours of argument from attorneys for both sides without issuing a ruling but [promised to deliver a decision](#) as quickly as he could.

## **Democratic Presidential Candidates Give Drug Pricing Policies New Momentum**

Democratic 2020 presidential contenders are looking to act on a primary topic of interest: prescription drug prices. Experts see the [increased attention](#) on drug pricing as an extension of political attention received in the midterm elections this past Fall, with many candidates having run on platforms that supported drug pricing reform. It's likely that many 2020 presidential candidates will look to ride that same momentum.

While some Republicans have proposed drug pricing reforms, [no fewer than six Democrats](#) in the Senate alone have recently stepped out on the issue of drug pricing to attach their names to legislation that aims to bring down pharmaceutical prices.

"Elizabeth Warren is essentially running on a platform that corporations have taken advantage of Americans," [said Bob Blendon](#), a Harvard health policy professor. "You can't say, 'Oh, I'm from Massachusetts and we have a great deal of biopharma, so I won't mention them.' They are really big actors, and her central argument is that corporations have taken incredible advantage of average, middle-class people."

Rachel Sachs, an associate law professor at Washington University in St. Louis, [suggests](#) that the pharma climate has enabled Democrats to feel that they are "able to experiment." With the drug industry naturally opposing any piece of drug pricing legislation, "it is not at all surprising to me to see the Democrats start exploring some of these more radical proposals."

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