

Health Policy in the Biden Administration and (Early) Trump Administrations

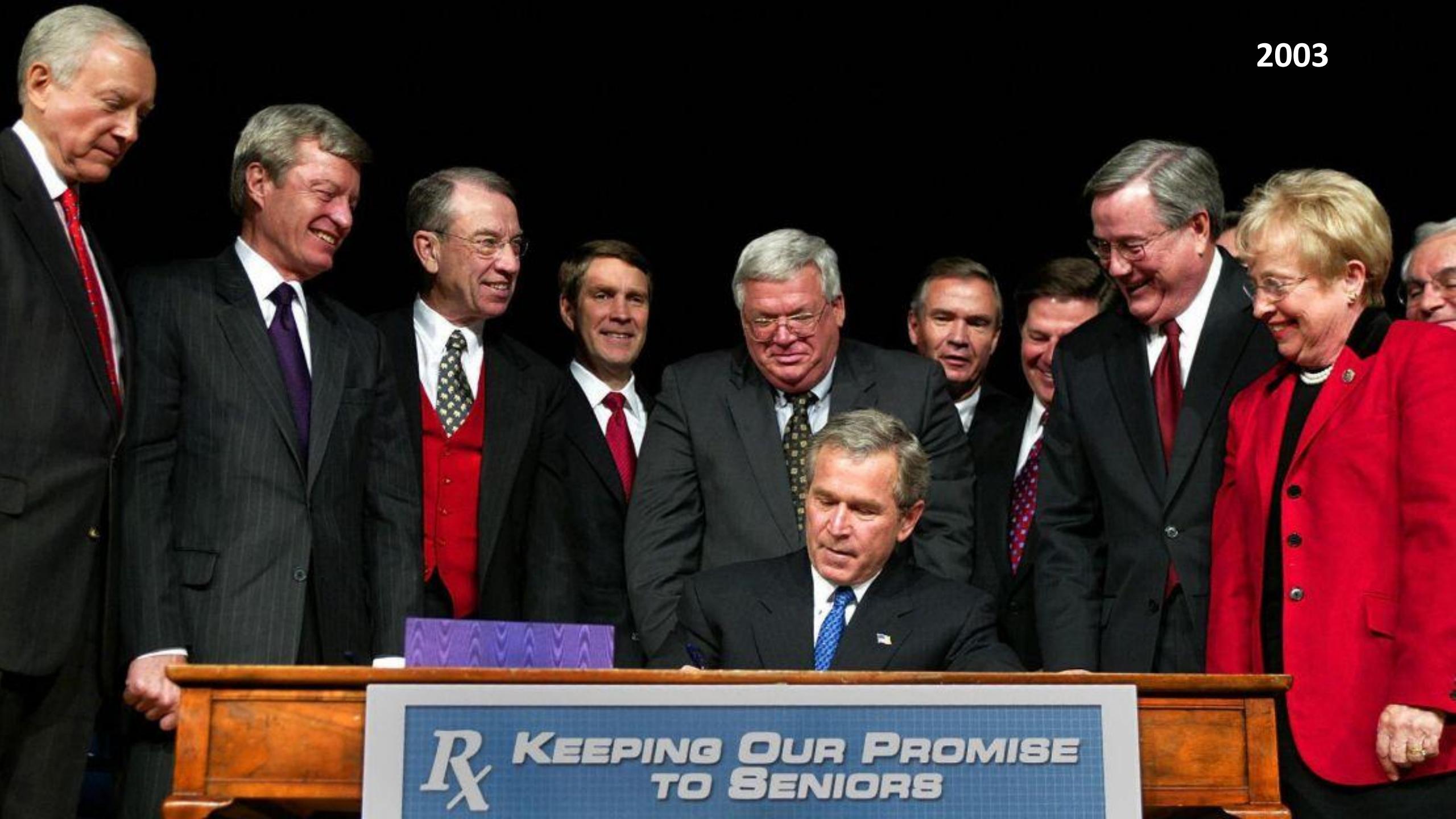
Tom Buchmueller

Outline

- Background: Health Policy in the First Two Decades of the 21st Century
- Health Policy in the Biden Administration
- Health Policy in the (first months of) the Trump Administration

BACKGROUND: 2000-2020

2003



**Rx KEEPING OUR PROMISE
TO SENIORS**

2010





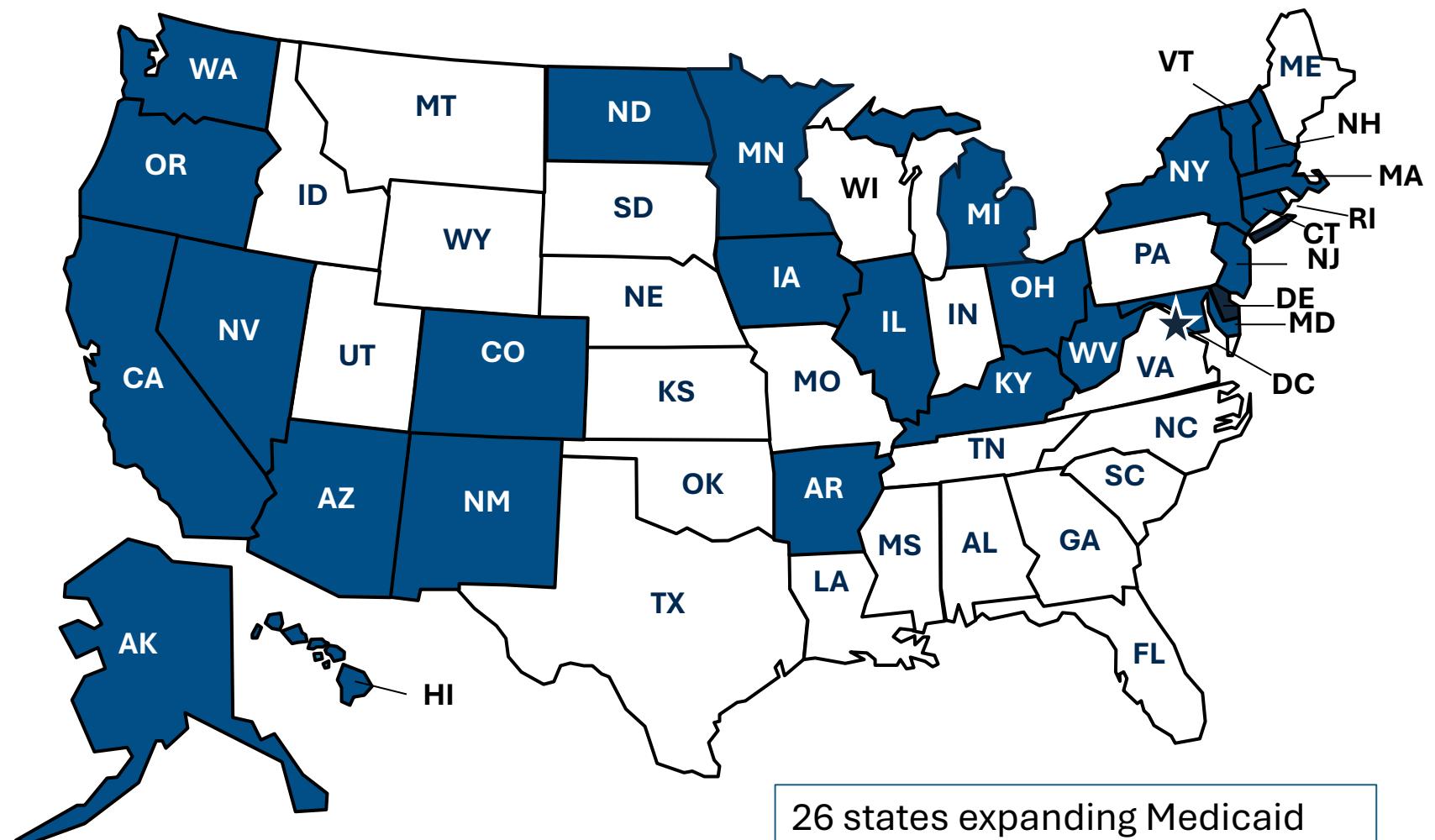
SAVE

THE

ACA

2012

2014



2016

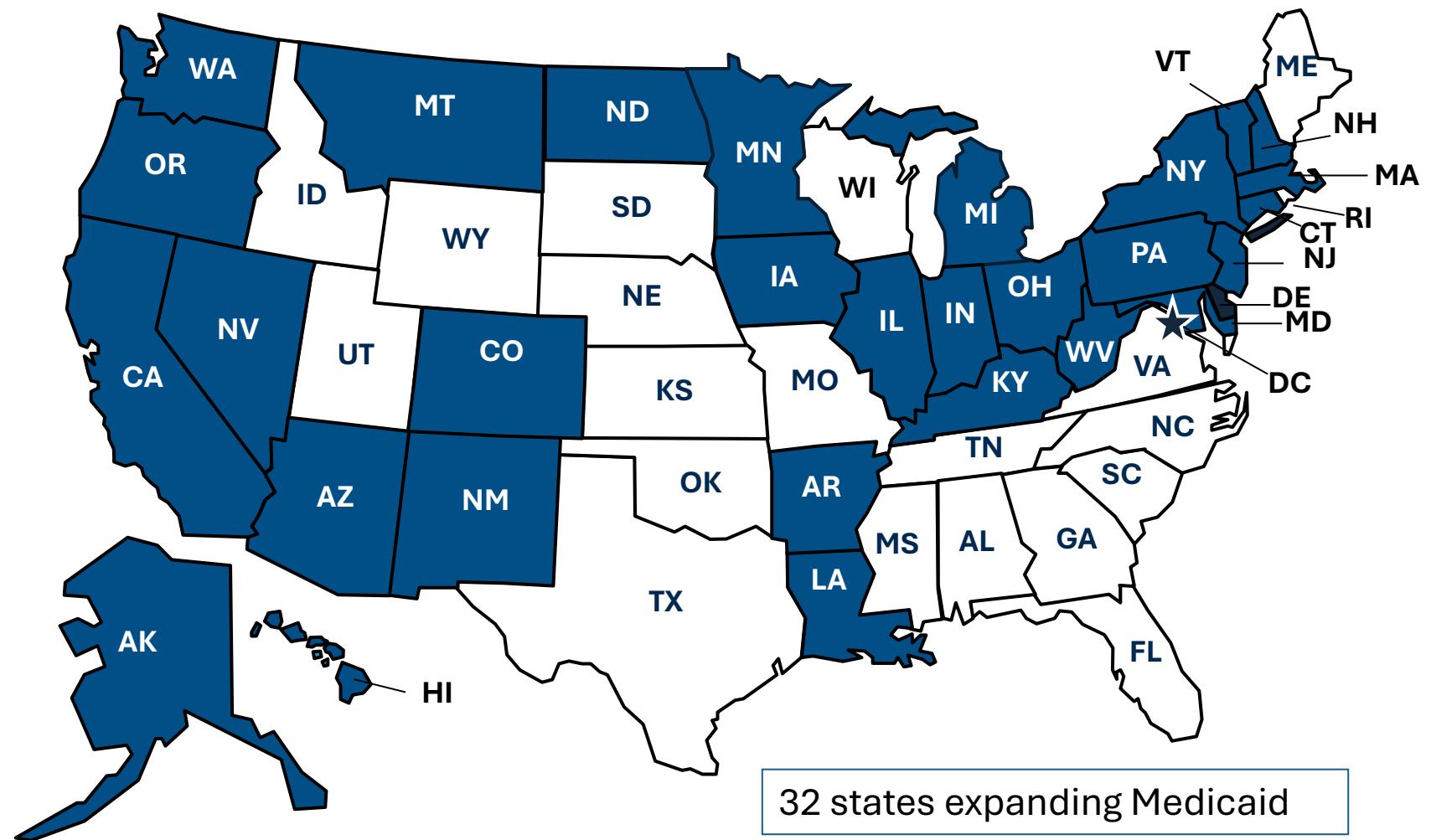
**“We will and must
repeal and replace
Obamacare.”**

President-elect Donald Trump
Dec. 8

QUESTIONS ABOUT OBAMACARE AS OPEN ENROLLMENT ENDS

NIGHTLY
NEWS

2017



2017



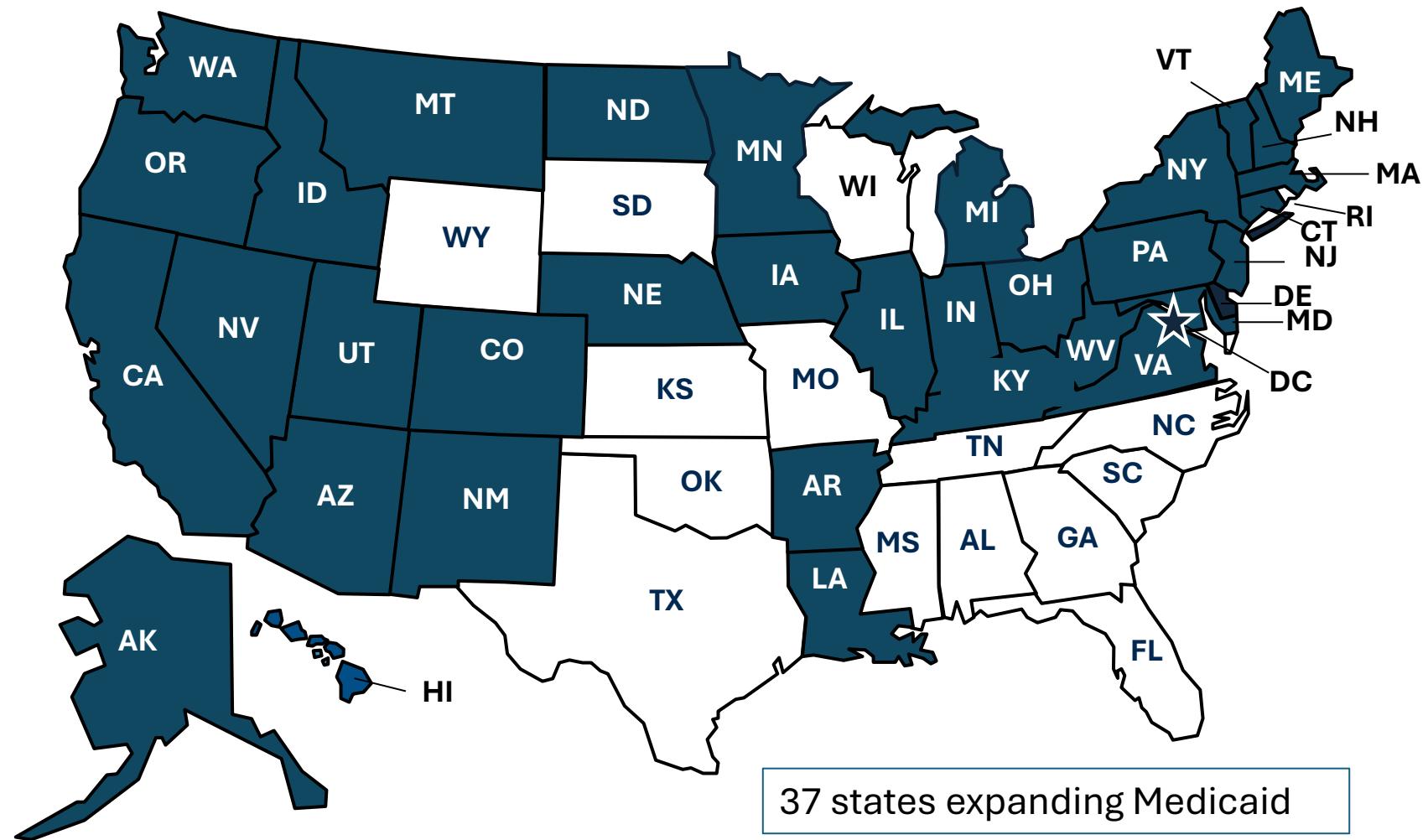
A group of approximately 15 people, mostly men in suits, are gathered in a formal setting, laughing and smiling. The room has wood paneling and a large painting in the background. The people are dressed in professional attire, with men in suits and ties and women in blazers and dresses. The atmosphere appears to be one of celebration or a group photo.

2017



2017

2020



HEALTH POLICY IN THE BIDEN ADMINISTRATION

Health Policy Under Biden: Medicare

- The **2022 Inflation Reduction Act (IRA)** made major changes to Part D benefits
 - Vaccines covered at 100%
 - Out-of-pocket cost for insulin capped at \$35/month
 - Total out-of-pocket spending capped at \$2,000
 - Expansion of Low-Income Subsidy (“Extra Help”) program
 - Reduced Medicare reinsurance, increased plan liability for costs
 - Required manufacturers to pay Medicare rebates if prices grow faster than inflation
 - ***Established Medicare Drug Price Negotiation Program***

Medicare Drug Price Negotiation Program: Basics

- Negotiations began in 2023 for prices of 10 Part D drugs starting in 2026
 - Round 2: 15 Part D drugs, prices starting in 2027
 - Round 3: 15 Part D and B drugs, prices starting in 2020, thereafter 20 drugs each year
- Drugs were selected according to these criteria:
 - Single-source drugs on the market for at least 7 yrs (small molecule) or 11 yrs (biologic)
 - Highest Medicare spending
 - Exclusions for orphan drugs and other criteria
- Strong consequences for failure to reach agreement
 - Manufacturer must withdraw all products from Medicare or pay a large tax

Medicare Drug Price Negotiation Program: Results



ISSUE BRIEF

August 15, 2024

- IRA Research Series -

Medicare Drug Price Negotiation Program: Medicare Prices Negotiated for 2026 Compared to List and U.S. Market Prices

Figure 2. Eliquis List Price Trend (2018-2023) vs. Negotiated Price (2026)



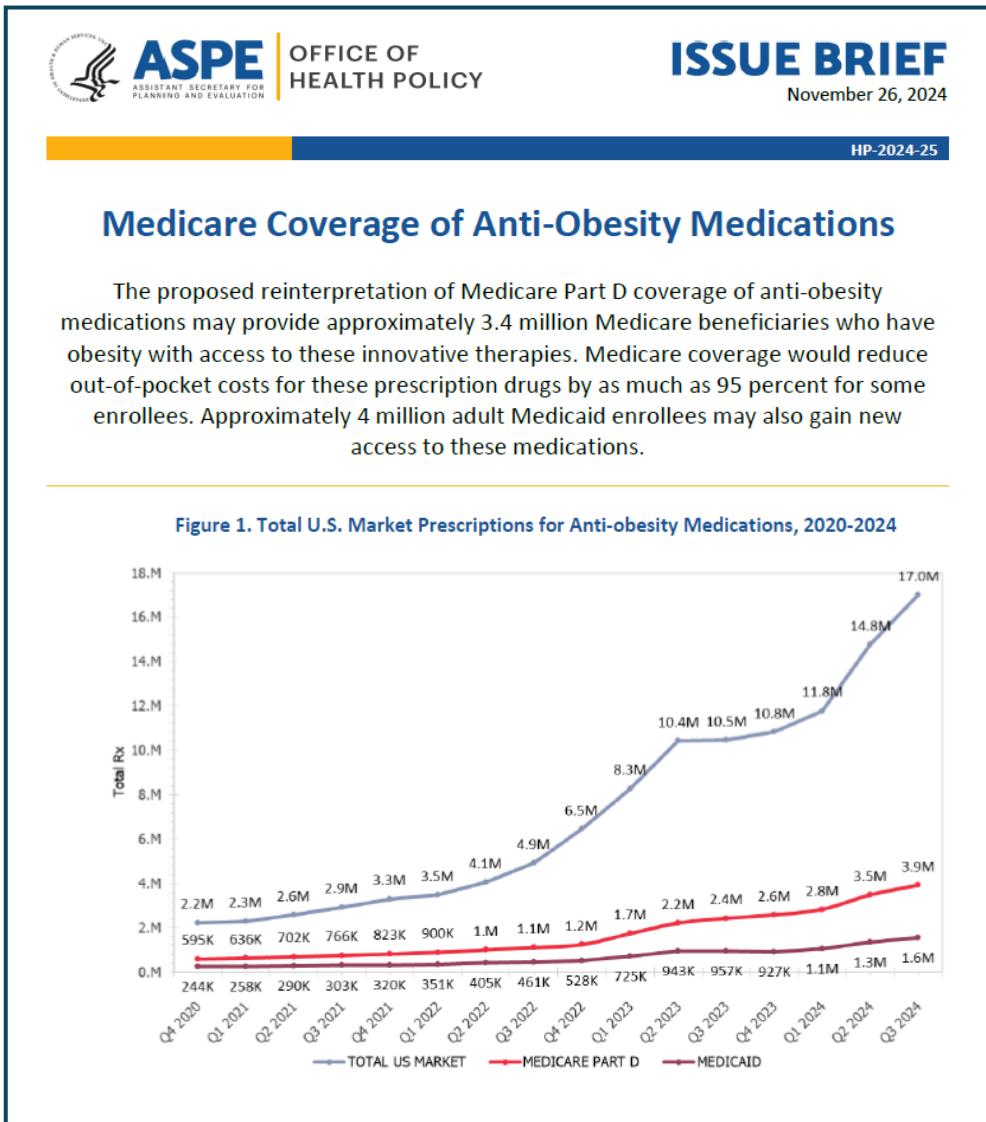
- First round: 10 Part D drugs for IPAY* 2026
 - Taken by nearly 10 million; total spending ~ \$50B
 - Discounts of 20-55% off *list* prices
 - Smaller savings relative to net prices (~22%)
 - Estimated total savings: ~ \$6B per year
 - 3 drugs (Enbrel, Stelara and Eliquis) account for roughly half of savings

* IPAY = Initial Price Applicability Year

Effect of Part D Changes on Premiums and Plans

- Redesign shifted costs from CMS, beneficiaries and manufacturers to plans.
- This led to large variation in plan bids, especially for standalone plans.
 - Appears to have also accelerated plan exits and changes in cost-sharing provisions.
- July 2024: Part D Stabilization Demonstration for Stand-alone plans
 - Included a premium subsidy plus a change in risk corridors
 - Projected to increase program spending by \$5 billion

Health Policy Under Biden: Medicare



Proposed Coverage of GLP-1s for Obesity

Nov. 2024: CMS announced Medicare coverage of GLP-1s for obesity

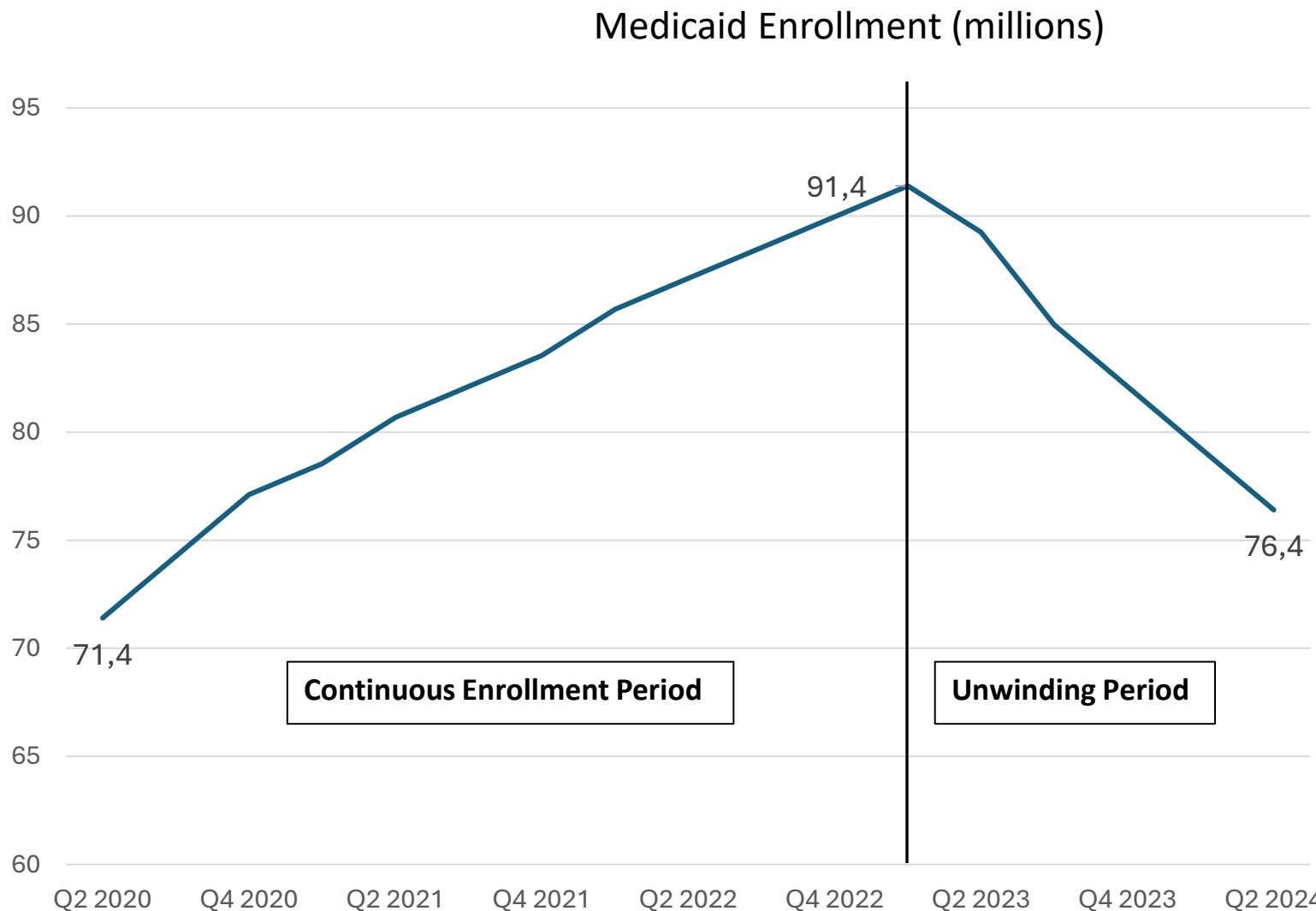
What the Biden Administration Didn't Do on Medicare

- A majority of beneficiaries are now in Medicare Advantage
- Because of favorable selection into MA and upcoding by plans, Medicare overpays MA plans by about 20%
 - ⇒ Estimated overpayment >\$1 trillion between 2025 and 2034
- Reducing overpayments could extend the life of the Medicare Trust Fund or free up funds to improve benefits in Traditional Medicare

Health Policy Under Biden: Medicaid

- Pre-Biden: 2020 pandemic response legislation gave states increased funding in return for agreeing not to disenroll anyone during Public Health Emergency.
- This “continuous enrollment provision” expired on March 31, 2023.
- The return to regular renewal operations: the “Medicaid Unwinding”

The Medicaid Unwinding



*Despite decline in enrollment,
little change in the uninsured rate*

- CMS allowed over 400 state waivers to minimize coverage loss
- Some people disenrolled didn't know they still had coverage
- *Many people transitioned to ACA Marketplace*

By Eden Volkov, Jessica Elosio, Arielle Bosworth, Kenneth Finegold, and Thomas C. Buchmueller

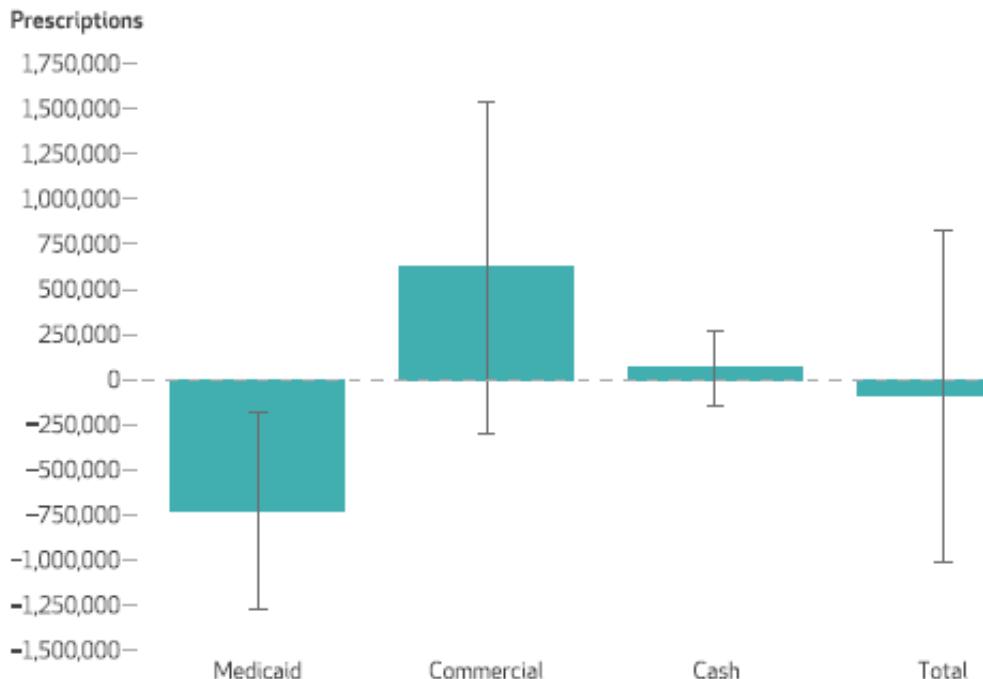
Medicaid 'Unwinding': Much Of The Reduction In Medicaid-Paid Prescriptions Was Offset By Increased Commercial Coverage

ABSTRACT With the expiration of the Medicaid continuous coverage condition on March 31, 2023, states began returning to regular eligibility renewals in Medicaid and the Children's Health Insurance Program (CHIP). Because of incompleteness of administrative data and lags in the availability of survey data, there is limited understanding of how this "unwinding" process has affected insurance coverage or access to care. Using data from IQVIA PayerTrak, a large, nationally representative, all-payer pharmacy transactions database, we examined the trends in prescription drug use during the unwinding period. Leveraging state variation in Medicaid coverage termination start dates, we found that although prescriptions paid for by Medicaid or CHIP fell during unwinding, this decline was mostly offset by an increase in commercial-paid prescriptions. Total prescriptions were unchanged, suggesting that the unwinding did not result in reduced access to medications.

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EXHIBIT 4

Regression-adjusted changes in numbers of prescriptions in the US, through March 31, 2024 (4 quarters into unwinding), by payer



Health Policy Under Biden: Medicaid

- Feb. 2021: CMS withdrew approval of state work requirement waivers
- 2021 American Rescue Plan (ARP): enhanced federal match rate to new expansion states
 - ⇒ 4 states expanded (MO, NC, OK, SD)
- ARP also gave enhanced match for 12-month post-partum continuous eligibility
 - ⇒ 48 states (plus DC) have implemented
- CAA 2023 established 12-month continuous eligibility for all children

Health Policy Under Biden: ACA Marketplaces

- Legislation in 2021 (ARP) and 2022 (IRA) increased value of premium tax credits for those already eligible and extended eligibility to people previously ineligible (through 2025)
- CMS substantially increased investment in enrollment Navigators (~\$100 million/year)
- CMS expanded open enrollment period and established special enrollment periods for COVID, low-income consumers, and people disenrolling from Medicaid
- Marketplace enrollment went from ~ 12 million in 2020 to ~25 million in 2025

HealthCare.gov Plan Selections by Race and Ethnicity, 2015-2024

Figure 3. Growth in HealthCare.gov Marketplace Open Enrollment Plan Selections by Race and Ethnicity, 2018 to 2020 and 2020 to 2024

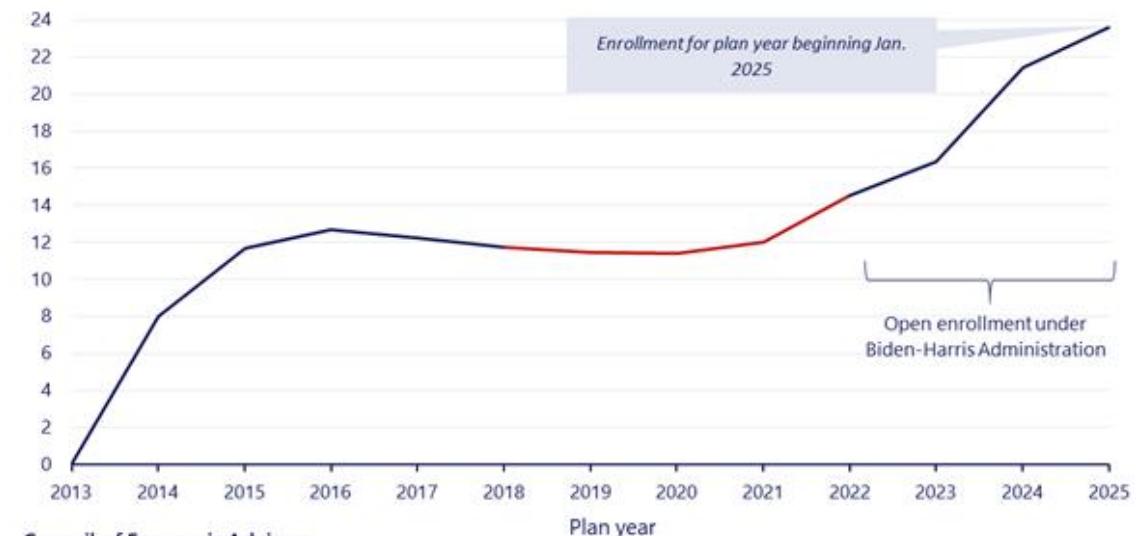


JANUARY 08, 2025

FACT SHEET: Biden-Harris Administration Announces Record-Breaking 2025 Open Enrollment Period Under the Affordable Care Act

Enrollment in the ACA Marketplace grew dramatically under the Biden-Harris Administration.

Number of individuals who selected a marketplace plan (millions)



Council of Economic Advisers

Sources: Centers for Medicare & Medicaid Services; Department of Health and Human Services.

Note: Data for each year denote plan selections during the open enrollment period for that plan year, which starts during the prior calendar year. The open enrollment period for plan year 2025 is still in progress and the number here represents enrollments made through December 23, 2024. Blue lines indicate plan years during which the open enrollment period started during a Democratic administration, and the red line indicates those during which the open enrollment period started during a Republican administration.

As of January 8, 2025 at 8:00am



ASPE
ASSISTANT SECRETARY FOR
PLANNING AND EVALUATION

OFFICE OF
HEALTH POLICY

ISSUE BRIEF

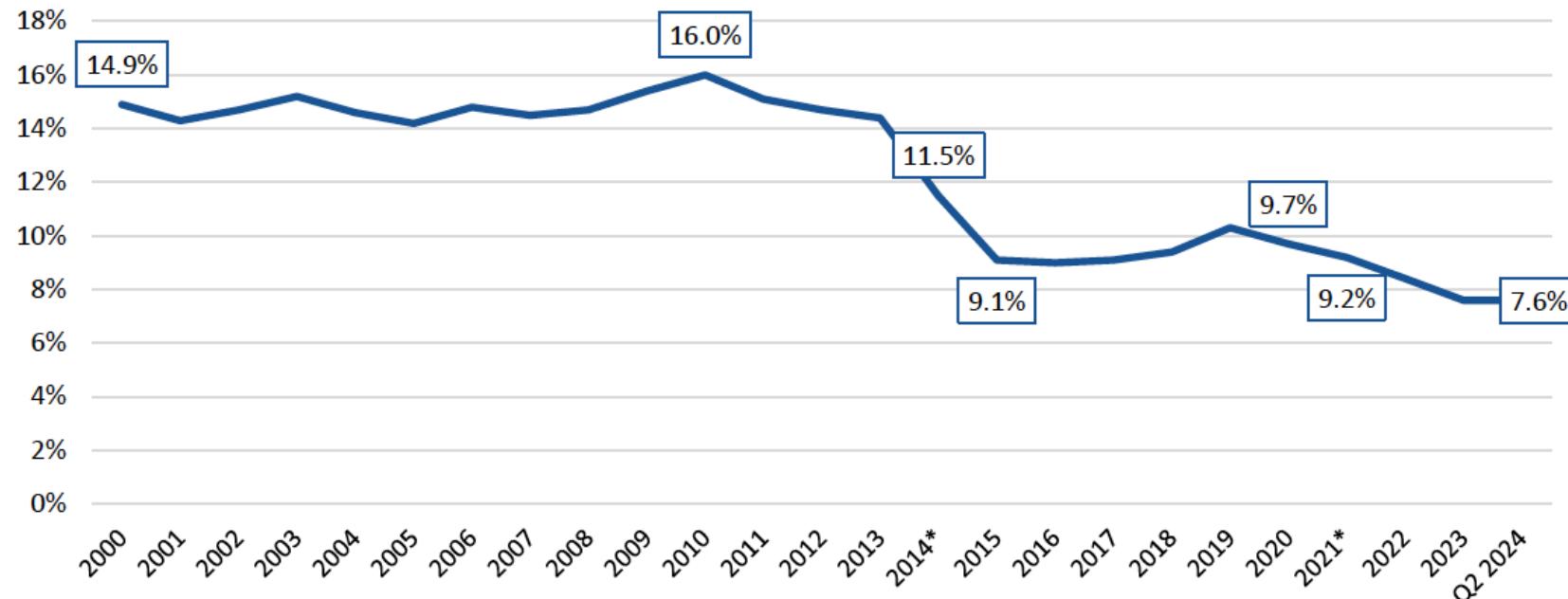
January 8, 2025

HP-2025-01

Healthcare Insurance Coverage, Affordability of Coverage, and Access to Care, 2021-2024

Over 300 million Americans now have health insurance coverage. The U.S. uninsured rate has fallen significantly over the past four years. Gains in coverage are improving access and affordability of healthcare.

Figure 1. National Uninsured Rate, All Ages (2000 – Q2 2024)



Source: National Health Interview Survey's Health Insurance Coverage Reports. [NHIS Early Release: Health Insurance Coverage | National Health Interview Survey | CDC](#); Health Insurance Coverage: Early Release of Quarterly Estimates from the National Health Interview Survey, January 2023 – June 2024.

2025: Health Policy in Trump II

Health Policy Under Trump: Medicare

- The Medicare Drug Price Negotiation Program lives!
 - CMS just announced 2017 negotiated prices for 15 drugs, including Ozempic/Wegovy
 - Estimated annual savings: \$12 billion
 - Negotiations for 2018 will include Part B drugs
- CMS scaled back the Part D Premium Stabilization Demonstration

Health Policy Under Trump: Medicare

Medicare and Anti-Obesity Drugs

- April: CMS announces it will not cover anti-obesity drugs in Medicare
- November: White House announces MFN deal with Novo-Nordisk & Eli Lilly

“The historic reduction in prices negotiated by President Trump will enable Medicare and Medicaid to cover obesity drugs for adults at a dramatically lower cost to taxpayers than that proposed by the Biden Administration. These low prices will enable Medicare to cover Wegovy and Zepbound for patients with obesity and related comorbidities for the first time.”

- Ozempic price slightly lower than MFP from negotiations, though not clear this deal is binding

Health Policy Under Trump: Medicaid

- “One Big Beautiful Bill Act” includes \$1 trillion in Medicaid cuts over 10 years
 - Introduces work requirements for adults 19-64, including parents with children over age 14
 - Requires more frequent eligibility redetermination
 - Limits states use of provider taxes to fund their share of program spending

CBO projects that roughly 12 million people will become uninsured by 2034

Health Policy Under Trump: ACA Marketplaces

- New rules will shorten open enrollment, reduce auto-reenrollment and make it harder for people to claim and keep tax credits
- Administration has cut funding for enrollment Navigators
- Enhanced tax credits will expire at end of 2025
- ***CBO projects the combined effect could be a coverage loss of 5 million people***

Looking Back and Looking Ahead

- The Biden administration...
 - made significant changes to Medicare Part D
 - Changed the way drug prices are determined in the US
 - Did not take on the issue of inefficiency in Medicare Advantage
 - Built on the ACA, bringing the uninsured rate to a historical low
- Important questions facing the Trump administration include...
 - Will the Part D market (especially standalone plans) stabilize?
 - Will there be further changes in how drug prices are determined?
 - Will the administration take on the cost of Medicare Advantage?
 - What will be the coverage and political impact of letting enhanced tax credits expire?
 - Will Medicaid work requirements go into effect as scheduled?