



Around the world of U.S. healthcare in 360 words or less

Center for Healthcare Regulatory Insight



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Editor's note

This note is produced by the KPMG Center for Healthcare Regulatory Insight and is intended to be short and succinct, less than 360 words, to provide a digestible bite of news relevant to our clients and practices. Links are provided to source material (proposed and final regulations, agency guidance and press releases, reports, research, etc.) when available.

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Special Alert: In a Rose Garden speech this afternoon, President Trump announced his strategy for addressing prescription drug prices. According to the “Trump Administration [Blueprint](#) to Lower Drug Prices and Reduce Out-of-Pocket Costs,” the Administration will be pursuing a number of immediate and longer term actions to lower the cost of prescription drugs, including:

- Increased Competition
 - Promote innovation and competition for biologics
 - Take steps to prevent manufacturer gaming of regulatory processes such as Risk Evaluation and Management Strategies (REMS)
 - Encourage generic substitution
- Better Negotiation
 - Experiment with value-based purchasing in federal programs

- Reform Medicare Part D to give plan sponsors significantly more power when negotiating with manufacturers
- Send a report to the President on whether lower prices on some Medicare Part B drugs could be negotiated by Part D plans
- Incentives for Lower List Prices
 - Explore requiring manufacturers to include list prices in advertising
 - Update Medicare's drug-pricing dashboard to make price increases and generic competition more transparent
 - Explore restricting the use of rebates, including revisiting the safe harbor under the Anti-Kickback statute for drug rebates, and other reforms to the rebating system
 - Reform the 340B Drug Discount Program
- Lowering Out-of-Pocket Costs
 - Prohibit Part D contracts from preventing pharmacists from telling patients when they could pay less out-of-pocket by not using insurance
 - Improve the usefulness of the Part D Explanation of Benefits statement by including information about drug price increases and lower cost alternatives
 - Consider approaches to inform Medicare Part B and D beneficiaries about lower cost alternatives

This drug price strategy agenda is more directional than specific at this point. Also, while some of these policy initiatives and changes may be addressed through CMS guidance and regulations, others will require legislation.



Healthcare regulatory news

HHS released its [Spring 2018 regulatory agenda](#) ... OMB is reviewing the [final rule](#) expanding the availability of association health plans.

CMS released a [rural health strategy](#) to boost access to care in rural communities, including through telemedicine; and [proposed reimbursement increases](#) for certain [durable medical equipment](#) in rural communities.

An FDA rule took effect requiring thousands of restaurants, grocery stores, and other chain businesses to [post calorie information](#) on menus... FDA reported a [shortage of EpiPens](#) due to [production delays](#).



Healthcare law and policy news

The [White House requested](#) that Congress rescind \$15 billion in federal spending, including \$7 billion in CHIP funding and \$800 million from Center for Medicare and Medicaid Innovation funding.

HHS Secretary Alex Azar [told the AHA](#) that CMS would make it easier for clinicians to participate in value-based payments, while CMS Administrator Seema Verma [suggested that some Track 1 ACOs](#) will be required to move to two-sided risk or leave the program... CMS will [simplify Medicare Plan Finder](#) prior to MA open enrollment.

Civil monetary [penalties imposed on Medicare Advantage and Part D Plans](#) fell from \$7.3 million in 2016 to \$2.6 million in 2017. CMS [rejected Kansas' 1115 waiver request](#) to implement a lifetime limit on Medicaid benefits and [approved New Hampshire's](#) work requirement request... HHS will [allow states to decide](#) whether Native Americans should be subject to Medicaid work requirements.

[HHS agreed](#) to pay \$151.9 million to New York and \$17.3 million to Minnesota to fund their Basic Health Programs... Virginia and Maryland released initial ACA plan rates for 2019; plans forecast double-digit increases with CareFirst rates jumping as much as [64% in Virginia and 91% in Maryland](#)... Gallup [reported that the uninsured rate](#) increased 1.3%, to 12.2% last year.

Shire [agreed to be acquired](#) by Takeda for \$62 billion... Partners HealthCare and Harvard Pilgrim Health Care are [considering a merger](#).

[Altarum reported](#) that healthcare spending grew 5.2% year-over-year in March, up from 4.7% last year... A [Health Care Pricing Project paper](#) found that hospitals with a monopoly have prices 12.5% higher on average than hospitals in markets with four or

more competitors, and that insurers pay substantially different prices for the same service within a hospital.



Questions or comments, please send to us-hcinsight@kpmg.com



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