



Let's Ditch 2020 and Plan for 2021: Election What-Ifs

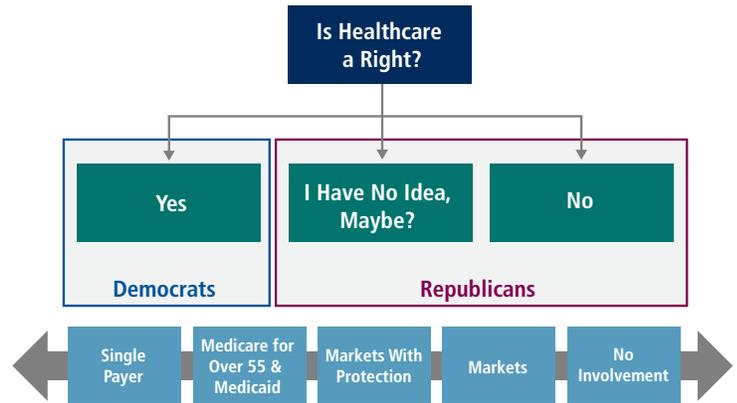
For many, the end of 2020 cannot come soon enough; however, to get to the other side, we have to go through a presidential election. And while the economy is the top issue for most voters, healthcare isn't far behind.¹ Beyond COVID-19, voters are concerned with ensuring access to affordable healthcare coverage, Medicare, Medicaid, and the price of their prescription drugs.

Insurance Coverage

While President Trump said he would end the Affordable Care Act (ACA) on day 1 of his presidency, 4 years later, it remains law. That said, Trump has led efforts to weaken the ACA by eliminating the individual mandate penalty, allowing less-comprehensive plans, and reducing auto-enrollment.

In comparison, former Vice President Joe Biden would likely work to secure the ACA and expand upon it with a Medicare-like public option for individuals to buy into. Those who qualified for Medicaid in non-expansion states would be offered premium-free access. The key questions remain: is healthcare a right and how do we protect patients with pre-existing conditions without a regulated marketplace?

Both candidates believe that patients with pre-existing conditions should be protected, but the devil is in the details and Republicans have yet to offer a solid path to insurance coverage. Meanwhile, the Supreme Court may force the hand of Congress and the next administration to rebuild insurance coverage for millions of Americans if it invalidates the ACA in 2021.²



Drug Pricing

On other healthcare issues like drug pricing, there is minimal difference between the candidates. Both Trump and Biden are looking for ways to lower drug prices and, to some extent, lower patient out-of-pocket spending. During his presidency, Trump has made overtures toward lowering drug pricing, but most have been vague or unimplemented. A comparison of the candidates' drug pricing priorities is provided in the graphic below.

Candidates' Viewpoints on Drug Pricing

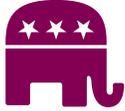
Policy	Trump Priorities	Biden Priorities ³
Government Negotiation of Drug Prices	While Trump has said he would veto H.R. 3 that has language covering government negotiation, ⁴ the most-favored-nation policy proposal for Medicare is not dissimilar	Allow price negotiation for Medicare ³ and commercial plans ⁵
Drug Importation	Allow drug importation ⁶	Allow drug importation
International Reference Pricing	Support the federal government buying Medicare Part B and Part D drugs at "most-favored-nation prices" ⁷	Support external reference pricing and tying cost of drugs to the price of other countries
Patent Reform*	Reform patent laws	Reform patent laws
Inflationary Cap	Limit drug price increases to inflation [†]	Limit drug price increases to inflation
Promote Competition	Accelerate approvals of generics and biosimilars ⁸	Accelerate the development of generics
Lower Copays and Cost-Sharing	Cap out-of-pocket costs in Part D ⁹	Cap out-of-pocket costs in Part D
Global Supply Chain	Mandate essential drugs purchased by the federal government be manufactured domestically ¹⁰	Direct federal agencies to purchase critical drugs manufactured domestically ¹¹
Tax Deductions for Prescription Drug Advertisement	No public position	Eliminate the tax deduction for all prescription drug ads

*Biden supports reforming patent laws to enable market entry for generics, while Trump believes lower-cost drugs are kept out of the market by drug companies gaming the patent system.

†President Trump supports a penalty for manufacturers when the list price of their drug increases faster than inflation.

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Looking Ahead to 2021: There are 4 Potential Scenarios:

Trump Wins Democratic House and Senate	Trump Wins Democratic House, Republican Senate
<div style="text-align: center;">  HOUSE  SENATE  </div> <div style="text-align: center; margin-top: 10px;">  <p>DEMOCRAT-CONTROLLED CONGRESS</p> </div> <ul style="list-style-type: none"> Highly unlikely – Trump will need to win battleground states; if he does, it is unlikely voters will split the ticket (ie, will vote Republican down the ticket or Democrat down the ticket, voters won't switch up their vote). 	<div style="text-align: center;">  HOUSE  SENATE  </div> <div style="text-align: center; margin-top: 10px;">  <p>SPLIT CONGRESS</p> </div> <ul style="list-style-type: none"> With the status quo, infrastructure is likely the first priority, focused on jobs. If the last few years are any indication, expect more gridlock with House leadership on health policy. There is potential for changes to drug pricing, particularly where there is common ground between House Democrats and President Trump (international reference, manufacturing incentives to boost domestic production). Republicans are likely to continue to tout long-standing priorities, such as the expansion of health savings accounts, additional Medicaid flexibility, telehealth, and Medicare Advantage.
Biden Wins Democratic House and Senate	Biden Wins Democratic House, Republican Senate
<div style="text-align: center;">  HOUSE  SENATE  </div> <div style="text-align: center; margin-top: 10px;">  <p>DEMOCRAT-CONTROLLED CONGRESS</p> </div> <ul style="list-style-type: none"> COVID-19 relief will be the first priority. More than stimulus (although that is there too) – a more centralized coordinated response, contact tracing, testing, tracking hospitalizations, relief for states and other localities with budget deficits, etc. Expanding affordable coverage would be a bigger priority than drugs. A key feature of Biden's plan will be to build on the ACA. Without Republicans to stall efforts, the Democrats would have to act and either fix the ACA and/or move to the public option. Drug pricing will eventually be addressed using H.R. 3 as a starting point, with likely policies to: <ul style="list-style-type: none"> – Authorize Medicare to negotiate prices for certain drugs – Use international reference pricing – Cap out-of-pocket costs for Part D beneficiaries – Require manufacturer rebates if prices increase faster than inflation Senate Democrats may bring back the filibuster to move to a simple majority vote for major legislation. 	<div style="text-align: center;">  HOUSE  SENATE  </div> <div style="text-align: center; margin-top: 10px;">  <p>SPLIT CONGRESS</p> </div> <ul style="list-style-type: none"> With a Republican-controlled Senate, Majority Leader Mitch McConnell (R-KY) will act as the last line of defense to Biden's policies and work to ensure that little is accomplished. Building on the ACA will be a priority for the Biden administration – and may have more success through the regulatory process. Drug pricing legislation would be unlikely to move. No urgency among Republican Senators to pass a comprehensive drug pricing bill and little appetite by either side to compromise.

Getting Beyond the Immediate Politics

- Drug pricing is going to remain front and center, but it isn't a first day priority. Expect changes in Medicare Part B (physician-administered drugs) – it is the easiest one to change. Upending the Medicare prescription drug benefit would be much more difficult, although benefit design changes are possible.
- One thing to keep in mind is the upcoming negotiations between the drug and device industries and Congress over reauthorization of the Prescription Drug User Fee Act in 2022. These negotiations set to begin in 2021 may impact the extent of compromise on drug pricing proposals.
- Outside of COVID-19, there is bipartisan interest in tackling other health issues: health disparities, mental/behavioral health, cancer research, and price transparency to avoid surprise billing.

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