



[H&K Health Dose– April 6, 2021](#)

*A weekly dose of healthcare policy news*

This week: The House and Senate are in recess for the remainder of the week. The Senate will return to Washington on Monday, April 12, followed by the House on Tuesday, April 13.

## **Infrastructure Package Officially a Two-Course Meal**

The White House released a [fact sheet](#) outlining the "American Jobs Plan," part one of what is officially now a two-part infrastructure package. The proposal is focused on broad infrastructure projects but also contains a few targeted healthcare provisions, including expanding access to long-term care (LTC) services by investing \$400 billion over the next eight years in Medicaid home- and community-based care (HCBC). It would extend the Money Follows the Person demonstration project, and expand the ability of home care workers to collectively bargain. The plan calls for approximately \$18 billion to upgrade VA hospitals. Another \$30 billion would be spent over the next four years on preventing the next pandemic, through investments in the Strategic National Stockpile (SNS), development of tests, treatments, and prototype vaccines for emerging diseases, improving vaccine production technology, strengthening the public health infrastructure, and pandemic response workforce training.

Many of the proposals broadly mirror those included in the Moving Forward Act ([H.R. 2](#), 116<sup>th</sup>) and LIFT America Act ([H.R. 1848](#)), which will serve as a starting point for the American Jobs Plan legislation. In total, the plan will dole out roughly \$2 trillion over eight years and would be offset by a variety of tax changes, including increasing the corporate tax rate to 28 percent as well as a new global minimum tax to attempt to curtail the ability of multinational corporations to greatly reduce what they owe the U.S. government.

Part two of the package is expected to focus on health and child care reforms. It is to be released in the coming weeks. Items rumored to be up for consideration include permanently increasing Affordable Care Act tax credits, creating new incentives for Medicaid expansion, lowering the Medicare age and expanding benefits, paid family and medical leave, making the Children's Health Insurance Program (CHIP) permanent, increasing the number of residency slots, and possibly adding more COVID-19 relief, though nothing is set. This portion of the package is expected to be moved via the budget reconciliation process (an opportunity to pass pieces of the American Jobs Plan with a simple majority).

Notably, President Biden is running into resistance from all angles. Progressive Democrats are saying the plan doesn't go far enough on climate change, moderate Democrats are demanding the state and local tax deduction be restored (something Biden has put cold water on), and Republicans consider the price tag and accompanying corporate tax increases a non-starter, making bipartisan support increasingly unlikely.

Nonetheless, the White House is pushing for significant progress on infrastructure by Memorial Day, while House Speaker Nancy Pelosi has said that she wants to pass the American Jobs Plan by the fourth of July. Ultimately, the timing of an infrastructure package mostly depends on the Senate. The Senate Parliamentarian may rule this week on whether Democrats can revise the fiscal year (FY) 2021 budget resolution to allow for another reconciliation process under its authority. If the parliamentarian rules against Senate Majority Leader Chuck Schumer's proposal, then Congress will have to adopt an FY 2022 budget resolution with reconciliation instructions, potentially limiting Democrats to one more reconciliation bill during this session of Congress.

Regardless of the next steps on reconciliation, it will likely take several months for lawmakers to draft, negotiate, and pass a massive infrastructure package. White House officials have not explained whether they will seek to have both efforts pass at the same time or consequentially.



## No News on the Budget Front

Still no word on the President's fiscal year (FY) 2022 "skinny" budget, which was expected to be released last week. Elements of the defense budget are rumored to have slowed the process down. The "skinny" budget will shed light on the White House's fiscal priorities and helps to inform Congressional negotiations while the President's full budget with more detailed figures is expected sometime "later this spring."

## June 30<sup>th</sup> Deadline for PRF Reporting; More Information to Come

HRSA says more information is forthcoming on provider relief fund reporting requirements, which has a looming deadline of June 30. In the meantime, HRSA says recipients of \$10,000 or more should register in the [portal](#). More information is available [here](#).

## Round 2 COVID Telehealth Program Funding to Open in next 30 days, Feature a New Set of Rules

The FCC released [new metrics](#) for evaluating applications for Round 2 of COVID-19 Telehealth Program. They will prioritize applicants in "hardest hit" areas, low-income areas, applicants that serve tribal areas, CAHs, FQHCs, and applicants that applied for but did not receive funding in Round 1. The application window will open sometime in the next 30 days and will feature a seven-day window. At least \$150 million of the \$249.95 million included in the year-end consolidated appropriations and COVID-19 relief package will be awarded during an initial commitment phase. Round 2 funding will be capped at \$1 million. Round 1 funding will not apply.

## MACPAC Upcoming Meeting

Later this week, the Medicaid and CHIP Payment and Access Commission (MACPAC) will [convene](#) to vote on draft recommendations regarding the following for its June Report to Congress:

- Revising the rebate amounts for high-cost specialty drugs that are approved through the accelerated pathways program at the Food and Drug Administration (FDA); and
- Improving access to behavioral health services for adults, children, and adolescents.

Notably, commissioners will discuss states' progress on shifting long-term services and supports from institutional to home and community-based settings – an effort that Biden proposed to expand in his American Jobs Plan. MACPAC will also review draft chapters for its upcoming report on various topics, including dual-eligible special needs plans (D-SNPs), electronic health records for behavioral health services, and the non-emergency medical transportation benefit.

## MedPAC Approves 2021 Slate of Recommended Policy Changes

The Medicare Payment Advisory Commission approved several policy recommendations last week that will appear in its June report to Congress, including:

- "A more harmonized portfolio" of Alternative Payment Models (APMs) that are designed to work together. This addresses concerns that the number of available APMs and their overlap weaken physicians' incentives and make it difficult to determine the effect of any one model.
- A new Medicare Advantage benchmark policy that would reduce federal spending -
- Zero beneficiary cost-sharing and higher Medicare reimbursement for vaccines



- Modified policies for outpatient drugs and biologics that would require pass-through drugs to be clinically superior and non-pass through drugs tied to cost targets
- A new Medicare SNF value-based purchasing program that would feature a smaller set of performance measures and peer grouping to account for social risk
- A redistribution of more indirect graduate medical education Medicare payments to outpatient settings

## Sunset Rule Legislation

Reps. Raja Krishnamoorthi and Anna Eshoo have introduced H.J.Res.37, a resolution of disapproval of a Trump-era regulation at the U.S. Department of Health and Human Services (HHS) known as the SUNSET Rule. The regulation will cause existing health regulations to expire if they are not reviewed by HHS every ten years. The effective date of the rule was recently delayed by the Biden administration until 2022 to allow a lawsuit against the regulation to proceed.

## Update on the COVID Front

The White House plans to more than double the number of pharmacy sites offering COVID-19 vaccines in the coming weeks. The administration's goal is to ensure that 90% of adults will be eligible for the vaccine and that 90% of the country have access to a vaccine within five miles of where they live by April 19. The number of mass vaccination sites will also be increased, from 21 sites to 33 sites. Additionally, the administration announced that the government will provide nearly \$100 million in funding to support at-risk adults and those with disabilities in accessing the vaccine. According to Dr. Anthony Fauci, the U.S. may not need AstraZeneca's COVID-19 vaccine, even if it wins U.S. regulatory approval, saying U.S. manufacturers can meet American needs.

After 15 million doses of Johnson & Johnson's COVID vaccine were affected by a mix up at a manufacturing plant in which ingredients for two separate vaccines being simultaneously produced at the facility were mixed up, the Biden administration directed Johnson & Johnson to take over leadership of the plant and took steps to block its manufacturing of AstraZeneca's vaccine to avert further mix-ups.

Pfizer and BioNTech announced their vaccine effectively protects children 12 years and older, remained highly effective after six months, and preliminary data suggested efficacy against the South Africa variant. Meanwhile, Moderna's experimental booster shot to protect against the Covid-19 variant identified in South Africa has moved into human testing. Moderna received FDA approval to use a new multi-dose vial for its vaccine that can contain up to 15 doses (up from the current 10) and extract an additional dose from each existing vial.

Vaccination rates for Black and Hispanic Americans continue to lag. On average, white Americans have been vaccinated at [almost twice the rate](#) of black populations. In seven states, including Arizona and Florida, that gap is more than double.

The CDC released new [guidance](#) that says Americans that are fully vaccinated can travel "at low risk to themselves," both within the U.S. and internationally, and do not need to quarantine unless required to do so by local jurisdictions, though the agency does recommend they get tested and continues to recommend social distancing and mask-wearing.

Last week, the FDA authorized over-the-counter rapid results tests made by Abbott Laboratories and Quidel, which is expected to make at-home testing much more accessible for Americans.



According to new [findings](#) by Premier Inc., hospital spending on N95 masks is up 715% since March 2020, although they have more inventory. The AHA [estimates](#) that buying PPE's added costs were \$2.4 billion from March through June 2020, or about \$600 million per month.

## **Substance Use Disorder Screening Grants Applications Announced**

The Substance Abuse and Mental Health Services Administration (SAMHSA) [announced](#) that healthcare systems and state governments may apply for grants to screen patients in primary care and community health settings for substance use disorders, brief interventions, and treatment referrals. SAMHSA expects to award ten grants of up to \$995,000 per year for five years. The application deadline is April 19.

## **FDA in Hot Water Over Laissez-Fair Approach to Manufacturing Plant Inspections**

In a strongly worded [letter](#), the U.S. Office of Special Counsel called on the FDA to increase the scrutiny of its inspections and chided the agency for four specific instances in which it downgraded troubling findings at manufacturing plants.

## **Behavioral Health Crisis**

New [data](#) shows that approximately 43% of the more than 51 million adults estimated to have had a mental health condition in 2019 received treatment. More than 50% of U.S. counties [do not have](#) a licensed behavioral health provider. Another [report](#) attributes much of this to a fee-for-service system that does not properly value care coordination, as well as low reimbursement rates for behavioral and mental health services, which contributes to [low rates of participation](#) in insurance networks, making referrals and consults challenging. Early intervention is tied to improved health outcomes. A new [report](#) by a Bipartisan Policy Center-led task force makes several recommendations, including permanently removing billing restrictions that have been temporarily lifted during the pandemic and broader adoption of health information technology in behavioral health settings. In the last year, mental health accounted for 44% of all telehealth visits.

## **Biden Announces New Strategy to Tackle Opioid Use and Substance Abuse**

In a [statement](#), the Biden administration sets new priorities it wants the Office of National Drug Control Policy to tackle in 2021 to address the overdose and addiction epidemic, which has been exacerbated by the COVID-19 pandemic. Priorities include removing barriers to access to opioid use disorder treatments, particularly for communities of color and poverty, and work with state and local problems to scale up additional programs. According to CDC data, 27% more people died of an overdose from August 2019 to 2020 than the prior year.

## **CMS Delays CHART Model Applications One Year**

CMS pushed back its request for ACOs to submit applications to the Community Health Access and Rural Transformation ([CHART](#)) Model by a year, until spring 2022. CMS will choose up to 20 rural ACOs to receive advanced payments to join the Medicare Shared Savings Program. CMS has recently delayed or canceled several Alternative Payment Models.