

# CAPITOL STREET

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December 19, 2024

## Budget Showdown: Three Month Extension

Healthcare Takes a Back Seat (For Now)

Relevant Companies



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### »» Our Take & Next Up

**A clean 3-month CR appears to be the path forward (no PBM, Medicaid DSH extension) with votes this evening starting around 6 pm ET.** The link to the text is [here](#). Healthcare extenders and other provisions were deemed a giveaway by Musk/Ramaswamy and President elect Trump on Dec 17. What happens to healthcare? Pay-fors like PBM, patent thickets and other non-essential extenders (pan cancer screening coverage in Medicare) are tabled, for now. Democrats and some Republicans were baffled with the events of the last 25 hours, ahead of a Dec 20 deadline. Disaster and farmer relief are included. There is also a 2 year extension of the debt limit.

### »» Key Points

**Healthcare extenders (see list below) would be extended by the duration of the CR (i.e., to March 14, 2025).** Telehealth and other Medicare provisions, are extended through the duration of the CR. Then, in mid-March 2025, a Reconciliation bill will be all the rage. Border security and other items will be on the agenda. Some believe a second Reconciliation bill will address tax and healthcare, closer to 4Q25.

- Extension of increased inpatient hospital payment adjustment for certain low-volume hospitals.
- Extension of the Medicare-dependent hospital (MDH) program.
- Extension of add-on payments for ambulance services.
- Extension of funding for quality measure endorsement, input, and selection.
- Extension of funding outreach and assistance for low-income programs.
- Extension of the work geographic index floor.
- Extension of certain telehealth flexibilities.
- Extending acute hospital care at home waiver authorities.
- Extension of temporary inclusion of authorized oral antiviral drugs as covered part D drugs.
- Reducing the Medicare improvement fund.
- Extension for community healthcare centers, National Health Service Corps, and teaching health centers.
- Extension of special diabetes program.

**We see no three month extension for Medicaid (DSH), nor is there a physician payment fix, with hospital site neutral (NPI) also left out of the bill.** Medicaid DSH extension appears to be left out of the CR. We could see that being addressed in Reconciliation, as Medicaid will be the entitlement to watch (work requirements, etc.).

**Pay-fors, like PBM reform, may have to wait a year.** A PBM trio of policies made it into the prior CR bill that died yesterday (delinking, transparency & banning Medicaid spread) with 100% rebate pass through in commercial as a bit of a surprise policy at the 11th hour. However, with the current state of affairs, they will be dropped from the package and delayed until next year (see [here](#)). If any of the policies meet the Byrd Rule threshold, they may make it into a Reconciliation in 2025. We also envision incremental PBM policies in the mix in 2025. See our take on pharmacy-PBM legislation [here](#).

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