

Biden Budget: What We Know

ACA & Drug Pricing, ARPA-H & COVID Funds, Billionaire's Tax/Defense Bump

Full healthcare details are scheduled to be released at 11 am ET ([here](#)). We will share links and analysis. HHS Secretary Becerra will do a healthcare only briefing at 12:30 pm ET. This would cover CMS, FDA, NIH and overall HHS funding requests and policy updates.

WHAT WE KNOW

- **We remind all that the President's budget is always aspirational and rarely enacted as proposed.** It's merely a way to re-emphasize administration priorities, which will be tough as GOP looks to take control of one or both chambers come November.
- **This budget is also v. late: March 28th is significantly delayed from the early February typical deadline.** Therefore, expect some form of 'greatest hits' with potential policy surprises.
- **Deficit reduction will be the theme.** The White House is going to be touting the big drop in the federal deficit from last year to this. In 2021 the federal government was handling COVID and Democrats enacted a huge spending bill to deal with the crisis, but this is politics, so the admin will take wins wherever possible.
 - **1--The President's budget will reflect 3 important values:** (1) fiscal responsibility, (2) safety and (3) security at home and abroad, and a commitment to building a better America (per the White House) The budget will show how the strongest economic growth in nearly 40 years, powered by the American Rescue Plan, has put the deficit on track to drop by more than \$1.3 T this year – the largest-ever one-year decline.
 - **2 -- Biden is pushing a "billionaires tax," that will likely go nowhere.** Several Democrats have previously proposed during this Congress, including Senate Finance Committee Chair **Ron Wyden** (D-OR).
 - **3 -- Of bipartisan interest, Pres. Biden is going to seek a big boost in defense spending, per Bloomberg, this weekend.** Coming on top of the sizable Pentagon plus-up in the recent omnibus spending package, this is going to be tough for progressives to take. Watch for Republicans try to outbid the White House on this front.

HEALTHCARE

- **ACA subsidies, Drug Pricing, Science Commitments (ARPA-H, Cancer Moonshot), and potential COVID funds are likely to be addressed, with a lower level of specificity.** Recall BBB is back, with Manchin (D-WV) calling for April-May negotiations. We still think that ACA subsidies are likely paid for by drug price reforms.
- **NEW COVID standalone funding may be coming soon.** A package is being negotiated (separately) by Leader Schumer (D-NY) and Sen Romney (R-UT). The GOP wants more accountability into how funding has been spent.

- **We still think that ACA Subsidies + Drug Reform can pass stand alone in 2022 as one offsets the other pretty evenly (CNC, MOH, UNH, HUM, CVS, others).** The enhanced subsidies, enacted through the \$1.9 T COVID relief bill, sunset on Dec 31, 2022. We think that for election purposes, both parties will want to see the subsidies extended.
- **American Rescue Plan subsidies have boosted enrollment during the public health emergency (PHE) and it polls well with Americans going into a mid-term election.** CMS has worked to expand health care coverage to a record 14.5 M people through the Health Insurance Marketplaces, encouraged states to extend Medicaid coverage for a full 12 months after childbirth, and expanded access to home and community-based services for seniors and people with disabilities.
- **ARPA-H funds of \$1 B will be doled out this year, and is s science step forward, as Cancer Moonshot funding waits in the wings.** We think the Moonshot will continue in some form or shape, and expect a budget nod to Biden's signature initiative.

IN OTHER (HEALTHCARE) NEWS

- **Sequestration comes back Friday April 1 – CMS sent Med Advantage (MA) plans an agency memo over the weekend on the ins and outs of sequester and bids.** 1% cuts return April 1 and 2% start fresh July 1. We have not seen Congress discuss any relief this year and did not opine that relief was in the cards.
- **NEW From CMS on Med Advantage pay:** “Based on the current statute, sequestration will continue to be suspended for prospective payments through March 2022 payments. CMS is resuming sequestration reductions, in accordance with the revised amounts specified in the Protecting Medicare and American Farmers from Sequestration Cuts Act, beginning with April 2022 payment for Medicare Advantage, Programs of All-Inclusive Care for the Elderly (PACE), Medicare-Medicaid Plans, section 1876 and 1833 cost-based Managed Care Organizations, and Part D. Specifically, CMS is sequestering prospective payments by 1 percent beginning April 1, 2022.” (per HPMS memo sent to plans).
- **In a boost to health coverage as Biden bolsters the ACA, CMS announced last week that a SEP through 12/31/22 will be available for low income Americans, providing government dollars for insurance coverage (CNC, MOH, UNH, HUM, CVS, others).** The Biden Administration announced that subsidies to access low or \$0 premium care will be available for those <150% FPL. Americans with incomes less than 150% of the federal poverty level -- \$19,320 for an individual and \$39,750 for a family of four -- can select policies via Healthcare.gov through a SEP. Most people will be able to select plans with no premiums, while others may have to pay a few dollars. CMS is launching advertising and outreach campaigns. The effort will also target those experiencing certain life changes, such as losing job-based coverage, getting divorced or aging out of a parent's policy, which have always allowed them to sign up for Obamacare policies during the year.
- **As a reminder, longer term “Medicaid Gap” funding waits in the wings, and we think faces slim odds for passage in 2022.** As a reminder, BBB would have provided coverage to those 12 holdout states. With BBB stalled, given Manchin & Sinema commentary, as well as Biden low approval during a significant geopolitical situation, we note that the coverage band aid announced is helpful.