

# Telehealth Extension <1 Year & Sequester Relief Unlikely

## Ukraine Aid Propels March 11 Budget Deadline

- **LATEST: Telehealth funding may only last through year-end 2022, with sequester relief hanging in the balance, as pay-fors are sought.** Last week, we previewed the policies that stakeholders have lobbied for inclusion in the omni budget due for passage by Fri Mar 11. We said we anticipated the budget to be relatively clean, though a few healthcare policies may be added. The deadline for funding expires this Friday March 11. See below for details.
- **TELEHEALTH: Telehealth funding may dwindle to ~6 months, if the PHE officially ends in July 2022 (as most policymakers expect).** The new \$2-3 B per annum spend would have to be offset, and lawmakers don't want to spend on much right now that isn't 100% necessary. Two bipartisan bills were introduced as placeholders for this provision.
  - **Sen. Cortez-Masto (D-NV) and Young's (R-IN) S 3593 "Telehealth Extension and Evaluation Act" ([here](#)) establishes a 2-year extension for certain COVID-19 emergency telehealth waivers** (beginning after the COVID-19 PHE ends which we expect to be Summer 2022). This bill aims to extend Medicare payments for a broad range of telehealth services including substance abuse treatment as well as extending Medicare payment flexibilities for Rural Hospital Centers (RHCs), Federally Qualified Health Centers (FQHCs), and Critical Access Hospitals (CAHs). It also seeks to extend the waivers of the geographic and site restrictions. In addition, the bill seeks to add limitations on reimbursement for high-cost DME and Lab tests requiring in person service at least once during the 12 months prior to the telehealth visit.
  - **Rep. Doggett's (D-TX) and Nunez (R-CA) HR 6202 "Telehealth Expansion Act" ([here](#)) provides a 2-year temporary extension of COVID-19 emergency telehealth visits.** In addition, it seeks to permanently lift geographic and site-based restrictions. Like the Cortez-Masto and Young bill, this bill adds limitations on reimbursement for high-cost DME and Labs, requiring in person service at least once during the 6 months prior to the telehealth visit.
- **SEQUESTER RELIEF: Not so fast, we think it is an uphill battle for hospitals and plans to obtain additional relief as all new spending must be offset, but we look to COVID supplemental as an option.** Medicare stakeholders, such as hospitals and Medicare Advantage (MA) plans, are seeking relief from the 2% sequester cuts. We had said that we are unsure if sequester relief will be attached to the omnibus. Recall that a 1% reduction returns in April 2022, with 2% in July 2022.
- **UKRAINE aid is uniting lawmakers to pass this bill quickly: Aid may reach \$12 B, up from the initial White House request of \$10 B before.** The emergency military and humanitarian aid for Ukraine and Eastern European allies following Russia's invasion and subsequent attacks on civilians.
- **COVID relief may not make it, or a small portion of (latest) \$15 B request, and look to Sequester (partial) relief possibly there.** The administration wants another \$22.5 B (ask reduced to \$15 B yesterday Mar 7) in funding for the government's COVID efforts. The money is needed to

pay for programs during the next few weeks. All funding previously approved by Congress – including the \$1.9 T *American Rescue Plan* – has run out. Without it, several government efforts, such as free COVID testing for the uninsured, will end ASAP.

- **OUR TAKE/PAY FORS:** Potential Telehealth pay-fors (for 5-6 months) include hospice, ESRD, but we believe neither to be onerous (more gimmicky) to those specific providers. We should see Budget language by today/tomorrow, with the House Rules Committee meeting possibly as soon as today. Ukraine aid is bolstering bipartisan support for the bill. COVID funding is separate and may ride alongside this budget, with the possibility of sequester relief in that vehicle. The House could approve by mid-week, with the Senate voting it through shortly thereafter.

## DRUG REFORM

- **Senate Finance (Chair Wyden, D-OR) aims to hold a BBB Drug Price Reform hearing in mid-March after sending.** Drug pricing reform and ACA subsidies have a shot at passage in '22, but it is unlikely to be in the upcoming budget bill. At the State of the Union (March 1), President Biden talked about the need for Medicare to be able to negotiate drug prices along with restructuring Part D. We could see drug reform and insurance subsidies in a separate upcoming bill this year, with the administration abandoning a comprehensive BBB.
- **Drug price increase letter sent to PhRMA.** A group of 13 Senate and House Democrats, including Senate Finance Chair Ron Wyden, D-Ore., sent a letter to the CEO of the Pharmaceutical Research and Manufacturers of America accusing the industry of "taking advantage of their abusive market power to expand already-large profits" after 2 recent analyses found name-brand drug prices rose by an average of 5% in January 2022 and the 20 top-selling Medicare Part D drugs increased by an average of 4%. Both increases were roughly twice as high as overall inflation for medical care services for all of 2021, the lawmakers said.
- **NEXT UP/OUR TAKE:** We anticipate a budget bill to be released in the next 48 hours with the House and the Senate voting next week. The current continuing resolution (CR) ends March 11. Despite it being an election year, we could see other legislation passing into the early summer, with drug reform always being a bipartisan area of interest, and the upshot being that it pays for ACA subsidies. Americans signed up for marketplace plans in droves during the PHE, as they became less price sensitive with government-funded subsidies. Recall that portions of BBB are coming off, such as the \$35 Insulin cap on OOP, which could pass as a stand-alone bill this Spring. A BBB Drug Price Senate hearing is meant to re-ignite bipartisan interest in the three policies that impact Drug Prices: (1) CPI Inflationary Rebates (2) Part D Restructuring (3) Limited Part B & D Negotiation.