

February 21, 2024

Healthcare Likely Minimal in March CR

PBM Reform, Site Neutral, Pandemic/Support (Opioid) Unlikely Until 4Q

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»» Our Take & Next Up

Community Health Center funding, Hospital DSH cut delay, and partial Doc Fix may be the only (major) health policies on March 8 CR (2nd cliff). This healthcare package will likely leave major policies (hospital site neutral, PBMs, pandemic preparedness, opioid, mental health) on the cutting room floor, despite Congressional heavy lifting on key policies (2022-23). Leadership negotiations continue as Congress is on recess this week. The final package is expected to be unveiled this Friday, or over the weekend, giving lawmakers about three days to vote when they return next week.

»» Key Points

March 1 and March 8 deadlines are fast approaching. The House and Senate have not passed any FY 2024 spending bills, although appropriators in both chambers are scrambling to come up with multiple packages before the deadlines.

We expect the continuation of current extenders: community healthcare centers (CHCs), Medicaid disproportionate-share hospital (DSH) pay cut delays, and a -1.75% partial doc fix cut instead of -3.4%. We expect to see an extension for community health centers for the rest of FY 2024, and another delay of Medicaid DSH cuts for hospitals. A partial doc fix cut -1.75% is expected to be included as a rider (versus -3.4% per the final fee schedule). However, the fix will start March 8 (not retroactive).

- SUPPORT Act & PAHPA reauthorization is expected to be further delayed or partially included as negotiations over provisions may have fallen apart.
- PBM reform (including transparency) and site-neutral pay reform for hospitals are unlikely to be included in the March package.

Healthcare riders are expected to be included in the 2nd CR package (March 8) versus March 1. As a reminder, Congress passed a two-step funding bill earlier this year ([here](#)). The stopgap funding extended current funding levels for 4 agencies: Agriculture (FDA), Energy and Water, VA, and Transportation-HUD until March 1. The other agencies including Commerce, Justice; Defense; Financial Services and General Government; Homeland Security; Interior, Environment; Labor, Health and Human Services, Education; Legislative Branch; and State are funded until March 8.

Look to lame duck for action on anti-PBM policies (including transparency) that progressed in both the Senate and the House last year. We believe PBM reform is unlikely to be included here.

- PBM reform is more likely to move after the CR as the Senate's HELP & Finance policies may see a Senate floor vote soon, per Sen. Kaine's (D-VA) comments during the Senate HELP [hearing](#) on drug costs on February 8.
- Last year, both the House and Senate worked to advance PBM reform including Medicaid spread pricing ban, de-linking, DIR fee reform, and Medicare transparency requirements. *The Lower Costs More Transparency* ([here](#)) Act which included PBM reform, site neutrality, and other pricing transparency passed the House in December 2023.

Negotiations over PAHPA (H.R. 4220, H.R. 4421, S. 2333) & SUPPORT (S.3393, H.R. 4531) may have fallen apart, and re-authorization is likely to be further delayed. The House passed its version of the SUPPORT Act reauthorization in December 2023, and the Senate HELP and Finance Committees passed a version that has not yet been taken up by the full Senate. House priorities passed (not in the Senate companion) include requiring a study on the effect of remote monitoring on individuals who are prescribed opioids, requiring HHS to issue opioid overdose reversal agent guidance for the opioid disorder program, and lifting the IMD exclusion for substance use disorder.

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