

CAPITOL STREET

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Hospitals Fare Well in Minibus

PBM Reform Out with Doc Pay Fix, IMD & DSH Cuts Fixed

Relevant Companies

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The March spending bill was released today, with votes teed up for this week to avert a partial government shutdown. The package can be found [here](#). There should be minimal disruption to government funding. While the bill addresses rail, water and other projects and funding, we highlight the healthcare provisions below. Congress has until March 8 for passage and the next package (Mar 22) will include HHS funding. A stopgap measure passed Friday pushed out the due dates to give Congress breathing room.

»» Key Points

What's In?

- Hospitals managed to get (Medicaid) DSH \$8 B cuts erased for 2024 (pushed out to Jan 2025), rendering the secondary pay rules released last month virtually meaningless
- Community Health Centers (CHCs) obtain \$4.2 B (healthy reauthorization)
- Physician pay cut of -3.4% will be moderated by 1.68%; increase in the conversion factor of 2.93% through Dec 31, 2024 (not a retro fix to Jan 1)
- Permanent IMD exclusion for patients with SUD (substance use disorder, Medicaid)
- State Medicaid programs must cover all MAT (medication assisted therapies) for opioid use disorder
- Offsets: reduction in Medicare Improvement Fund (MIF) and extension of the Medicare sequester

We predicted the continuation of current extenders, with no PBM or hospital site neutral reductions: (1) community healthcare centers (CHCs), (2) Medicaid disproportionate-share hospital (DSH) pay cut delays, and (3) a 1.75% (or even 1.25%, which would be better for physicians) partial doc fix restoration from the 3.4% reduction. House & Senate leadership have struggled to cobble together a comprehensive spending package and passage of another short-term funding patch to the end of the FY is likely (Doc fix through CY).

Deadlines. As a reminder, a partial government shutdown (Agriculture, VA, Housing, Transportation) would start Friday, March 8, if a spending package or a funding patch fails to pass. One week later, Commerce, Justice;

Defense; Financial Services and General Government; Homeland Security; Interior, Environment; Labor, Health and Human Services, Education; Legislative Branch; and State expire, or March 22.

NIH is better off with a CR (versus 1% reduction). We said that we think Congress will beat the buzzer. If there is a partial shutdown, we believe it would be short-term and followed by a spending deal for the remainder of the FY.

PBM, site neutral and price transparency are unlikely to be addressed until 4Q. We look to lame duck for action on anti-PBM policies (including transparency) that progressed in both the Senate and the House committees. 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.

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