

CAPITOL STREET

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Healthcare Features Minimally In First Presidential Debate

Biden Underwhelms

Relevant Companies

ALL HEALTHCARE

»» Our Take & Next Up

What's new: Who won? Not Biden. Economy, immigration, foreign affairs took center stage. Healthcare was minimal. Our take & healthcare party positions and priorities are below. A few key healthcare issues during last night's debate were as follows: Deficit/national debt. Who is going to destroy Social Security and Medicare. Roe v Wade. Opioid crisis. Poor handling of PHE (both blaming each other). Insulin \$35 OOP cap. Some ACA discussion.

»» Key Points

Healthcare Highlights

Both think the other candidate will destroy Medicare and Social Security. Trump: Because Biden lets in migrants, all of whom are being put on Social Security. Biden: Look at the program by House Republicans, Trump wants to get rid of drug negotiation.

ACA was briefly discussed. Biden: 40 M people would not have insurance because of preexisting conditions. Also mentioned in the context of helping Black families.

Drug prices – Trump insisted that he was the \$35 insulin guy. Biden: Pitched IRA's work to lower drug prices — insulin copay price cap (\$400 to \$35 a month), OOP limit (no more than \$2000 for every senior, no matter what prescription they need), and said Trump wants to get rid of Medicare drug negotiations. Re IRA: Biden implied when referring to "the most extensive climate legislation." Trump: Takes credit for insulin cap (referencing his admin's voluntary program). Biden pointed out that only one company actually complied.

Opioid crisis. Biden: More fentanyl detection machines, more agents at the border. But when this deal was done, Trump convinced Republican congressmen not to go through with it. Trump: We were doing very well with

addiction until COVID (i.e., great equipment, like drug-detecting dogs but under Biden, drugs were pouring into the border).

Healthcare Platforms

We could see a new Republican Administration/Congress embark on some Medicaid reform, along with Part B Most Favored Nation. We see reforms as being most likely primarily in Medicaid (work requirements, block grants), with Part B drugs (Most Favored Nation), ESI tax benefits, and Medicare solvency ([here](#)). Telehealth, HSA, AHPs and other “greatest hits” seen in past Republican budgets are also featured in RSC platform.

Biden and Democrats support the ACA & would re-up subsidies (2025) with the Reconciliation bill, though Trump likely keeps the subsidies too. We could see most likely an extension for enrollees whose income < 400% of the FPL. ACA subsidies are set to expire in 2025, and CBO and JCT estimate that making the policy permanent would increase the budget deficit by \$335 B over 10 years ([here](#)). Direct spending is expected to increase by \$275 B. CBO and JCT expect that if the extension of the expanded premium tax credit becomes permanent, 3.4 M more ppl will have insurance over 10 years.

Medicare Advantage (MA) would (still) be under the gun, with Biden or even Trump. Democrats support MA: recent v28 and other rate updates are likely short-term instead of wanting to decimate the program altogether ([here](#)). CMS finalized most MA plan policies in early April as proposed, with supplemental benefit “bibliography” and midyear benefit notifications being the most onerous to MA plans ([here](#)).

Drug price reform (IRA) remains – under both Trump & Biden. We anticipate no changes to the IRA, of course, but Dems could add more drugs to the mix in a supermajority. Recall that 15 Part D drugs will be called to be negotiated for 2027. Our list and analysis is [here](#) and [here](#). We think Trump actually likes drug negotiation, since he is such a deal-maker.

Other policies: Telehealth, supply chain & 340B reform, support for VBC, continued efforts around mental health & price transparency. Democrats and Republicans both support telehealth, innovation (Alzheimer’s, GLP-1s—broadly speaking), and are concerned about the effects of anticompetitive behavior in PBMs ([here](#)) in light of upcoming results from the FTC study on PBM practices ([here](#)). PBM reforms are largely non-detrimental to the overall business model, and Medicare/Medicaid PBM reforms (banning spread, transparency, de-linking) could pay for a larger package in Dec 2024 ([here](#)). Telehealth and price transparency are both bipartisan initiatives.

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