

CAPITOL STREET

July 15, 2024

J.D. Vance Is Donald Trump's VP

RNC Platform Adopted: Healthcare Features Minimally

Relevant Companies

ALL HEALTHCARE

»» Our Take & Next Up

J.D. Vance was announced this afternoon as Trump's running mate on the first day of the Republican National Convention. Many surmised J.D. Vance as one of the top two contenders for Trump's VP pick ([here](#)), which was reportedly decided within the last 24 hours ([here](#)). We've included our take on GOP healthcare policies as well as those in a Republican sweep scenario. We also highlight the 2024 GOP platform, which was officially approved today @ the RNC.

»» Key Points

Sen. J.D. Vance (R-OH), age 39, is currently serving as the junior senator from Ohio since 2023. He first gained national attention during the 2016 presidential election with his memoir, *Hillbilly Elegy*. Vance was originally a strong critic of Trump, describing himself as a “never-Trump guy” in 2016 ([here](#)). He has since become a loyal defender of Trump, eventually receiving Trump's endorsement for U.S. senator, in large part due to a close friendship with Don Jr. ([here](#)).

Vance's recent healthcare policies have focused on drug reform (price, choice, domestic manufacturing), anti-entitlement cuts, and the opioid crisis. Vance is ideologically aligned with Trump, so we can expect a similar stance on healthcare from both.

DRUG REFORM

- Vance supports bipartisan PBM regulation ([here](#))
- Vance supports Medicare drug negotiation and choice ([here](#)), as well as price transparency ([here](#))
- Vance supports U.S. manufacturing of pharmaceuticals ([here](#))
- But he also supports allowing importation to lower drug prices ([here](#))

ACA & MEDICARE / MEDICAID

- Cosponsored legislation to prohibit Medicaid benefits to noncitizens ([here](#)) and introduced the *No Obamacare for Illegal Aliens Act of 2023* ([here](#))
- In 2017, Vance publicly opposed the *American Health Care Act*, the Republican replacement for the ACA, for cutting Medicaid without any alternatives and focusing too hard on tax cuts ([here](#))
- Vance no longer supports cuts to Medicare or Social Security ([here](#)), which he endorsed in 2011 ([here](#))
- Vance recently introduced a bill to develop national quality standards for Medicaid continuous skilled nursing services ([here](#))

OPIOID CRISIS

- Vance started an anti-opioid nonprofit in 2017 ([here](#)), but it was suspected that its only purpose was to boost Vance's political career ([here](#))
- However, he has spoken extensively on the opioid crisis, a recurring motif of *Hillbilly Elegy* ([here](#) & [here](#) & [here](#))

GOP HEALTHCARE & SWEEP SCENARIO

The RNC platform was adopted today ([here](#)) and contains little on healthcare. That, coupled with AEI and RSC policy proposals, frame our thoughts below. We will discuss these policies at our Sept 19 Fall Forward Health Policy seminar, as we have former Trump officials join us in Washington DC. RSVP and details [here](#).

There is only one direct mention of healthcare in the 16-page GOP platform. Page 10 of the document says, "Healthcare and prescription drug costs are out of control. Republicans will increase Transparency, promote Choice and Competition, and expand access to new Affordable Healthcare and prescription drug options. We will protect Medicare, and ensure Seniors receive the care they need without being burdened by excessive costs."

Although it seems like there is little on healthcare, in actuality, there is little on most policies. We see familiar targets on foreign policy and border control, but the mere 16-page document pales in comparison to the last update to the RNC platform in 2016, which was an entire 50 pages more ([here](#)). The 2024 platform was released to the public as the final product and was formally adopted today at the Republican National Convention.

Strengthening Medicare bodes well for Medicare Advantage (MA) or at least isn't negative for plans.

Although speakers at an AEI event last week thought that MA reforms may be in the mix under a potential Reconciliation package, if there is a GOP trifecta.

Reconciliation is very possible under GOP sweep: extension of some tax cuts from Tax cuts and Jobs Act, some/no ACA subsidies, MA reforms, work requirements for Medicaid coverage. MA reforms include changes to benchmarking, risk adjustment, star ratings and alignment of MA with fee-for-service Medicare. Notably, Brian Blase, Paragon, a speaker at an AEI event ([here](#)) recommended scrapping the quality-based payment programs for MA (NOTE: this is detrimental for MA plans).

Are ACA marketplace subsidies fraudulent? 2/3 of states rely on the ACA marketplace. More than half of enrollees this year claim an income between 100-150%. According to research from Paragon ([here](#)), more people are fraudulently enrolled than eligible, with a cost to taxpayers of \$20 B. He notes that there is a political incentive to get people enrolled, not checking eligibility, unscrupulous brokers.

BIOPHARMA

On drugs, Most Favored Nation (Part B) would likely be proposed once again – out of the gates – but we think Trump (secretly) likes drug negotiation per IRA (despite repeal plan). The Part B policy – presented by President Trump in his first term but never implemented – will likely be back if the former President is elected. We think it could be released, out of the gates, with the 2025 tax reauthorization / ACA subsidies deadline (Dec 31, 2025). Recall that prices of Part B therapies would be pegged to 50 OECD countries.

340B reform is underway, gaining traction, as courts work on the issue. Ryan Long (at same AEI event last week) noted that the 340B program has ballooned and will need to be addressed. As a reminder, a Gang of 6 in the Senate is working to reform the payments, with a food fight brewing between hospitals & biopharma. However, momentum for 340B reform may not take place until after we get legal certainty from the courts with several ongoing lawsuits.

Ipsita Smolinski
Managing Director | Capitol Street
ipsita@capitol-street.com

202.250.3741 | www.capitol-street.com

900 19th St NW 6th Fl
Washington, D.C. 20006

CAPITOL STREET

Copyright 2024 Capitol Street.

This communication, including this broadcast and any attachments hereto, is intended solely for the original recipient(s) and may not be redistributed without the written consent of Capitol Street. This communication is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of any financial instruments, nor is it intended as advice to purchase or sell such instruments