



What Trump's budget says about healthcare

By Stephanie Zaremba | May 25, 2017

The breakneck pace in Washington continues, with bills, budgets, rumors, and uncertainty flying. It can be hard to separate the signal from the noise, so we have you covered with this week's five top things to know.

Trump's budget drops

The healthcare industry was abuzz over the Trump administration's 2018 budget proposal. Let's start with what this budget doesn't do: anything. It's merely a first step in a long process.

Still, the budget tells us a lot about the administration's priorities, and offers an outline for how President Trump might go about his plan to decrease the size of the federal government. But ultimately it is up to Congress to determine funding for various agencies. So if you see news coverage – or Twitter chatter – decrying major cuts to Medicaid or the National Institutes of Health, bear in mind that none of this has actually happened.

That said, there are interesting things to note, such as the fact that the administration's proposed Health and Human Services budget slashes funding to the Office of the National Coordinator for Health Information

Technology, or ONC, by more than a third. Here's the explanation from HHS: "Now that the vast majority of physicians and hospitals have adopted electronic health records through federal incentive payments, it is time for a renewed, more focused role for ONC."

In other words, HHS leadership envisions a narrower scope for ONC, focused on interoperability and usability. Some industry groups have already expressed concern that the cuts will curb innovation.

But it's also quite possible that a streamlined ONC would cede more technology development and innovation to the private sector. And technological change that's driven by the marketplace – as opposed to the government – is more likely to be tailored to the needs of end users.

The AHCA gets its score

You may recall that for weeks, House GOP leadership insisted that a Congressional Budget Office score wasn't necessary to move forward the American Health Care Act. But it turns out, House Speaker Paul Ryan held the bill for the CBO's accounting, which finally came out on Wednesday afternoon.

The CBO said the bill will reduce the federal deficit by \$119 billion over the next decade – enough projected savings to ensure that Republicans can keep pushing the bill forward without Democrats’ support. On the other hand, the CBO says the bill would leave 23 million more people uninsured in the next decade, an idea that has proven politically unpalatable.

And so the process moves on. On the Senate side, work on the AHCA continues but with no major breakthroughs. In fact, senators continue to disagree on even the most basic issues, such as whether it’s accurate to call the bill “bipartisan.” (Sen. Lamar Alexander, R-Tenn., says a bill written by the Budget Committee and would not be bipartisan, while Sen. Susan Collins, R-Maine, is convening bipartisan conversations for a comprehensive solution.)

ACA insurer subsidies still unresolved

In the meantime, insurers in the ACA marketplace are wondering whether the federal government will continue to issue cost-sharing subsidies, which help them offer discounted health plans to low-income consumers.

And it appears that the Trump administration’s approach to this hotly debated issue is to let insurers sit in constant limbo. Most recently, the administration requested a 90-day delay in the court case over the legality of the payments.

According to reports, the president and his advisers are divided on whether or not to continue the subsidies, with Trump seeing the payments as a major source of bargaining power in the ACA repeal debate. So far, the administration has continued the subsidies but refuses to commit more than one month at a time. As a result, insurance companies have been in a perpetual state of worry.

Telehealth legislation picking up steam

The Senate Finance Committee, in a rare display of bipartisanship, unanimously voted to send the CHRONIC Care Act to the Senate floor. The bill includes a series of reforms to the Medicare program to allow providers to better care for those with chronic conditions. Those reforms include Medicare reimbursement for remote monitoring and other telehealth services.

This would be a huge boon for the telehealth industry, which has struggled for many years against the fact that Medicare largely doesn’t cover such services. Expect the Senate to pick this back up as part of must-pass legislation later this year – likely the Children’s Health Insurance Program (CHIP) reauthorization bill.

FDA user fee legislation continues to move

Last week, a key Senate committee passed a version of the Food and Drug Administration’s user fee reauthorization bill, moving it one step closer to a floor vote. Now, the movement is on the House side: The Health subcommittee of the House Energy and Commerce Committee advanced the bill with four amendments that will have to be squared in a conference committee.

The changes include enabling the sale of over-the-counter hearing aids, allowing for risk-based approaches to device inspections, strengthening penalties on counterfeit drugs, and creating new incentives for drug makers to develop generic versions of off-patent medications.

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