2016 Election Results and Implications for Healthcare
Donald Trump is President-Elect

Electoral College
Donald Trump: 290
Hillary Clinton: 232

Popular Vote
Donald Trump: 60,526,852
Hillary Clinton: 61,324,576

Source: Politico, as of 11/15/16 1:36 p.m.
Republicans Maintain House Majority

Balance of Power in U.S. House of Representatives

Undeclared races: Louisiana Districts 3 and 4; California District 7 - Incumbent Ami Bera (D) and Scott Jones (R) - incumbent leading, recount; California District 49 - Incumbent Darrell Issa (R) and Doug Applegate (D) – incumbent leading, recount
Republicans Maintain Senate Majority

Balance of Power in U.S. Senate

Undeclared races: Likely outcome will be 52 Rs and 48 Ds. Louisiana – December run off between multiple candidates since none of the candidates garnered more than 50% of the vote.
Democrat vulnerability in 2018 gives Republicans Line of Sight to Power

Senate Seats in Play, by Election Year

Source: The Cook Political Report
April 1, 2016 | Katharine Conlon, Christine Yan
Lame Duck Schedule and Leadership Elections

- House and Senate convene session on 11/14 - 12/16
- MUST DO: Funding government for remainder of 2017 (current funding expires 12/9)
- Healthcare issues that could be considered:
  - 21ST Century Cures/Senate Innovations package with HIT interoperability provisions
  - Adjusting readmissions penalty program for socioeconomic status
- House GOP leadership elections on 11/15
  - Speaker Ryan facing potential challenge
- New House and Senate Member orientations on 11/15-16
# House and Senate Leadership

## House of Representatives

<table>
<thead>
<tr>
<th>Position</th>
<th>Republican</th>
<th>Democrat</th>
</tr>
</thead>
<tbody>
<tr>
<td>House Speaker</td>
<td>Paul Ryan (WI)</td>
<td>House Leadership Elections week of 11/30</td>
</tr>
<tr>
<td>Majority Leader</td>
<td>Kevin McCarthy (CA)</td>
<td></td>
</tr>
<tr>
<td>Majority Whip</td>
<td>Steve Scalise (LA)</td>
<td></td>
</tr>
<tr>
<td>Republican Conference Chairman</td>
<td>Cathy McMorris Rodgers (WA)</td>
<td></td>
</tr>
<tr>
<td>Republican Policy Committee Chair</td>
<td>Luke Messer (IN)</td>
<td></td>
</tr>
<tr>
<td>Republican Study Committee Chair</td>
<td>Mark Walker (NC)</td>
<td></td>
</tr>
</tbody>
</table>

## U.S. Senate

<table>
<thead>
<tr>
<th>Position</th>
<th>Republican</th>
<th>Democrat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Majority Leader</td>
<td>Mitch McConnell (KY)</td>
<td>Chuck Schumer (NY)</td>
</tr>
<tr>
<td>Republican Whip</td>
<td>John Cornyn (TX)</td>
<td>Dick Durbin (IL)</td>
</tr>
<tr>
<td>Assistant Democrat Whip</td>
<td>Patty Murray (WA)</td>
<td></td>
</tr>
<tr>
<td>Republican Conference Chair</td>
<td>John Thune (SD)</td>
<td>Democratic Policy and Communications Committee Chair</td>
</tr>
<tr>
<td>Senate Conference Chair</td>
<td>John Brasso (WY)</td>
<td>Democratic Senatorial Campaign Committee Chirs Van Hollen (MD)</td>
</tr>
<tr>
<td>Senate Conference Vice Chair</td>
<td>Roy Blunt (MO)</td>
<td></td>
</tr>
<tr>
<td>National Republican Senatorial Committee Chair</td>
<td>Cory Gardner (CO)</td>
<td></td>
</tr>
</tbody>
</table>
### Expected House and Senate Healthcare Committee Leaders

<table>
<thead>
<tr>
<th>House Committees</th>
<th>115th Potential Chair</th>
<th>115th Potential Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations</td>
<td>Rodney Frelinghuysen (NJ)</td>
<td>Nita Lowey (NY)</td>
</tr>
<tr>
<td>Budget</td>
<td>Tom Price (GA)</td>
<td>John Yarmuth (KY)</td>
</tr>
<tr>
<td>Energy &amp; Commerce</td>
<td>John Shimkus (IL) or Greg Walden (OR)</td>
<td>Frank Pallone (NJ)</td>
</tr>
<tr>
<td>Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ways &amp; Means</td>
<td>Kevin Brady (TX)</td>
<td>Sander Levin (MI)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Senate Committees</th>
<th>115th Potential Chair</th>
<th>115th Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations</td>
<td>Thad Cochran (MS)</td>
<td>Pat Leahy (VT)</td>
</tr>
<tr>
<td>Budget</td>
<td>Mike Enzi (WY)</td>
<td>Bernie Sanders (VT)</td>
</tr>
<tr>
<td>Finance</td>
<td>Orrin Hatch (UT)</td>
<td>Ron Wyden (OR)</td>
</tr>
<tr>
<td>Health, Education, Labor</td>
<td>Lamar Alexander (TN)</td>
<td>Patty Murray</td>
</tr>
<tr>
<td>and Pensions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Transition Outlook Over Next 3 Months

Trump’s Transition Team:
- **Chairman**: Vice President-Elect Mike Pence
- **Executive director**: Rick Dearborn, Sen. Session’s Chief of Staff
- **Chief strategist & senior counselor**: Steve Bannon
- **White House Chief of staff**: Reince Priebus
- **Principal domestic policy adviser**: Ed Feulner, Former Heritage Foundation president
- **Head of 5 policy teams**: Ron Nicol, former Navy officer and longtime adviser for the Boston Consulting Group and former employer of Mr. Romney
- **Health advisers**: Andrew Bremberg, a former Mitch McConnell adviser; Paula Stannard, currently a lawyer with Alston & Bird and formerly a high-ranking lawyer in HHS; Sam Clovis, tenured professor at Morningside College/Tea Party activist; Adnan Jalil, staff for departing Rep. Renee Ellmers, and Jim Frogue, Center for Health Transformation; John Mashburn, former COS for Sen. Tillis

3-Step Transition Process:
1. All federal agency’s regulations will be reviewed
2. Policies that require legislative or administrative attention will be identified and prioritized
3. Administration personnel will be selected
   - White House and Cabinet will be first, process has already started:
     - **Possible HHS Secretary**: LA Gov. Bobby Jindal; FL Gov. Rick Scott, former HCA executive; Tom Price (R-GA), U.S. House Budget Committee Chairman; Rep. Marsha Blackburn (R-TN); and Mike Huckabee, former AK Gov. and Chair of the National Governors Association
     - Next: ~4,000 political appointees in administration
PRESIDENT-ELECT TRUMP’S TRANSITION TEAM

 Executive Committee

Ben Carson
Vice Chair

Gov. Chris Christie
Vice Chair

Newt Gingrich
Vice Chair

Mike Pence
Chairman

Ret. Lt. Gen. Mike Flynn
Vice Chair

Rudy Giuliani
Vice Chair

Sen. Jeff Sessions
Vice Chair

Rep. Lou Barletta

Rep. Marsha Blackburn

Fla. Atty. General Pam Bondi

Rep. Chris Collins

Peter Thiel

Jared Kushner

Rep. Tom Marino

Rebekah Mercer

Steven Mnuchin

Rep. Devin Nunes

Anthony Scaramucci

Reince Priebus

Steve Bannon

Donald Trump Jr.

Eric Trump

Ivanka Trump

Rich Bagger
Advisor

Rick Dearborn
Executive Director

Bill Palatucci
Advisor
## 2016 Presidential Transition

### TRANSITION TEAM HEALTH ADVISORS

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Background and Policy Positions</th>
</tr>
</thead>
</table>
| Rich Bagger  | Advisor               | • EVP of Corporate Affairs and Market Access, Celgene 2012-present  
• Chief of Staff to Governor Chris Christie, 2010-2012  
• SVP, Pfizer, 1993-2010  
• State Senator and Assemblyman of New Jersey, 1992-2003  
• Long-time Christie confidant  
• Deep ties to pharmaceutical industry and New Jersey pharmaceutical network |
| Mike Leavitt | Transition Team: Advisor  | • Co-chair, Bipartisan Policy Center Prevention Initiative  
• Founder, Utah-based Leavitt Partners consulting firm  
• Secretary, HHS, 2005-2009  
• Administrator, EPA 2003-2005  
• Governor of Utah 1993-2003  
• Led Romney’s transition team as a close personal advisor and health reform expert  
• Initially reluctant to back Trump, but signed on for the transition  
• Well respected in conservative health policy circles |
| Andrew Bremberg | Transition Team: HHS  | • Policy Director, Scott Walker for America  
• Policy Advisor to Senate Majority leader Mitch McConnell 2014-2016  
• Department Manager, MITRE, 2009-2014  
• Chief of Staff, Office of Public Health and Science, HHS 2007-2009  
• Special Assistant, Immediate office of the Secretary, HHS 2005-2007  
• Special Assistant to the Executive Secretary, HHS, 2001-2005 |
| Paula Stannard | Transition Team: Health Reform  | • Former Deputy General Counsel and Acting General Counsel, 2001-2009  
• Counsel and lobbyist, Alston + Bird 2010-present  
• Has been largely apolitical and not involved with government since leaving in 2009  
• Frequently collaborates with colleagues based in Atlanta  
• Strong supporter of HIPPA, health IT, eHealth, and Electronic Medical Records |
First 100 Days?

- A Top priority will be repeal and replace ACA
  - Immediate “show vote”
  - Congress could use budget reconciliation to make major changes to the ACA, requiring only 50 votes instead of 60, but building support for replacement will be challenging
    - Could only repeal/replace provisions that have a budgetary impact through this process
    - Device, Cadillac taxes
    - Block granting Medicaid
    - Premium tax credits and cost sharing reductions
    - Medicaid expansion and DSH payments
  - ACA Insurance reforms, Medical Loss Ratio, delivery system reforms likely not candidates
  - Potential to destabilize mix of mandates, funding and subsidies
- Executive orders rolling back Obama regulations
- Immigration reform or related spending
- 60 Senate votes needed for passage of many legislative initiatives, which would require Democrats’ support
  - Sen. Chuck Schumer (D-NY) now most powerful Senator
Coverage Replacement Plan Outlook

- Republicans will **likely try to avoid appearing unilateral** as they have argued Democrats were in passing the ACA
  - Major effort to achieve bipartisanship on a replacement plan
- Likely many **months of consensus building** and negotiations
  - Legislation repealing and replacing the ACA effective 10/1/17 or 1/1/18
- Dust will settle and final design likely includes:
  - Budget deal possible with entitlement reforms
    - **Sequestration continues**, but amount withheld could change (+/-)
- States will have **option of continuing exchanges or using other mechanisms** such as high risk pools; deregulation of insurers
- **Individual and employer mandates** outlook unclear
- Continued **Medicaid expansion** likely with per capita payment allocation and significant state flexibility to incent personal responsibility
  - Co-pays and deductibles; work requirements; HSA accounts
  - Potential for additional states to expand Medicaid
- **Possible reduction in tax credit** subsidies to ~350% of FPL
- Expansion of **HSAs**
- **Continued payment and delivery system reforms**
  - Intensified effort around quality and price transparency
  - CMMI scope/budget reduced or eliminated
  - Action dependent on HHS and CMS leadership
- **Tax rollbacks**: device, Cadillac and IPAB
Implications of a Republican Sweep: Payment and Delivery System Reform

- MACRA stays in place, centerpiece of changes
  - Passed by Republican Congress
- APMs will be more physician-centric models
- Expect rollout of proposed Medicare Shared Savings Program (MSSP) 1+ Track, voluntary bundled included in MACRA rule
- Cardiac bundle? (likely released before 11/20/16*)
- Continued focus on measurement and accountability
- Increased focus on price transparency

* Rules that are not released by 11/20/16 can be held by new Administration
Pending Regulation and Legislation

A host of regulations are in the regulatory review docket and expiring programs require congressional action by EOY 2017

- **Regulatory** (Nov. 20 deadline before next Administration can put a hold on regulations):
  - Cardiac bundled payment program
  - Final 340B drug pricing program guidance
  - Part B Drug payment model final rule
  - SAMHSA confidentiality of substance use disorder patient records final rule
  - Medicare and state revisions to safe harbors under the anti-kickback statute, CMP rules regarding beneficiary inducements and gainsharing final rule & revisions to the OIG’s CMP final rule

- **Legislative provisions/programs expiring in 2017**
  - Prescription Drug User Fee Act (PDUFA), Medical Device User Fee Act (MDUFA), Generic Drug User Fee Amendments (GDUFA), Biosimilar User Fee Act (BsUFA)
  - Medicaid/CHIP Reauthorization
  - Medicare-Dependent Hospital Program
  - Low-volume adjustment
  - Funding for Medicare quality measure selection process & contract with consensus-Based Entity Regarding Performance Measurement (NQF)
  - Long-term care hospital moratoria
  - Work Geographic Practice Cost Indices floor
  - Therapy cap exceptions
  - Assistance for rural ambulance providers in low population density areas
  - Home health prospective payment system rural add-on
  - ACA Excise tax on medical device manufacturers
Congress must act to raise the debt ceiling by ~ March 2016
Components of Federal Spending

Percentage of Gross Domestic Product

Major Health Care Programs
Other Noninterest Spending
Social Security
Net Interest

"Major health care programs" consists of spending on Medicare (net of offsetting receipts), Medicaid, and the Children's Health Insurance Program, as well as outlays to subsidize health insurance purchased through the marketplaces established under the Affordable Care Act and related spending.
There is bipartisan support to move from FFS, which will continue.

- From sickness/reactive to wellness/management healthcare
  - MACRA illustrates this reality

Medicare/Medicaid spending will increase at rate of GDP (+1%?)

Reform involves using Medicare (and Medicaid) to incentivize change. Pace of change market dependent.

- Pay tied to cross-continuum performance measures that drive quality and cost savings.

Providers, not payers, will increasingly be accountable for cost & outcomes.

Increased accountability = waivers from FFS-inspired regulations

- SNF 3-day rule; gainsharing; telehealth; post-discharge home visits, LTACH rules

Private insurers being incented to follow Medicare’s payment and quality models

Increased alignment between physicians and health systems

Data insights and exchange a key to success
# Trump’s Healthcare Platform

## Health insurance coverage and costs

- Repeal and replace the ACA
- Permit insurers to sell health insurance across state lines
- Make all health insurance premium payments tax deductible, rather than just premiums for employer-sponsored plans
- Expand HSAs and consider them part of an individual’s estate, with no penalties for passing the accounts on to surviving family members or for allowing any family member to use the funds
- Require price transparency from all healthcare providers to enable individuals to shop for the best prices on medical procedures
- Protect individuals from premium increases or exclusions due to the preexisting conditions
- Enforce immigration laws and restrict visas to reduce healthcare costs

## Medicare reforms

- Guarantee enrollees have an income-adjusted contribution toward a plan of their choice with catastrophic protection

## Medicaid reforms

- Fund Medicaid through block grants to states with fixed amounts
- Ensure that no one slips through the cracks because they cannot afford insurance
- Review basic options for Medicaid and work with states to ensure that those who want coverage can have it
# Trump’s Healthcare Platform

## Affordability of prescription drugs
- Remove barriers to market entry for drug providers
- Allow imported drugs for personal use if they meet safety standards
- Allow Medicare to negotiate drug prices

## Mental health and substance abuse
- Reform our mental health programs and institutions
- Stop inflow of opioids
- Invest in heroin addiction treatment
House Republican Health Reform Proposal (June 2016)

- Roll back ACA’s Medicaid expansion provisions and provides each state a fixed budget for each beneficiary or a lump sum/block grant of federal money for all of a state’s Medicaid program.
  - Also calls for more flexibility on Medicaid enrollee premium and incentive to work programs
- Repeal the commission with great power to change provider payment rates (the Independent Payment Advisory Board), CMS’s Innovation Center, and the ban on physician-owned hospitals
- Apply greater preexisting condition protections only to people who maintain “continuous coverage”
- Preserve but place a cap on the tax deduction of employer-based coverage and uses savings to fund tax credits for those who don't have employer-based plans
- Create high-risk pools for those whose coverage is unaffordable
- Allow small business association health plans to band together to buy coverage across state lines
- Reform medical malpractice law by capping noneconomic damages and offering safe harbors for providers who practice within accepted protocols
- Turn Medicare into a premium-support model, creating consumer choice and competition among health plans similar to Medicare Advantage and the Part D drug benefit