

New Presidency Will Compel Action in Key Areas of Health Care in 2017

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As we enter the final stretch of the U.S. presidential election, health care remains one of the most contested issues with great potential for change, particularly to existing insurance and patient care systems. Compounding matters is the opening of enrollment season for exchange plans, which places the already hotly debated Affordable Care Act (ACA) at the forefront of the national health care discussion.

Former U.S. Congressman Dennis Cardoza, co-chair of Foley's Federal Public Affairs Practice, and Public Affairs Director Jennifer Walsh opined recently about how our next president could symbolically break the congressional logjam on several health care-related fronts and why the industry is poised for more market-driven disruption.

What follows are a few highlights of their conversation.

1. What health policy issues will be most impacted by the next administration?

Cardoza: Since the passage of the ACA, there has been very little legislative activity when it comes to health care, as everything has been done at the administrative level and spread across various departments. During the honeymoon period that follows every newly elected president, we'll likely see an immediate and significant push around the ACA marketplaces, especially in light of some high-profile defections, decreasing competition and increasing premiums. It doesn't matter who is in the White House; there are things happening in the market that can't be ignored.

Walsh: I agree that legislation concerning the exchanges will be the first out of the gate. There is a strong impetus to fix the system, but it may happen initially as part of the reauthorization of the Children's Health Insurance Program (CHIP) that is set to expire in 2017. CHIP is a bi-partisan issue and no one wants to see it lapse. This must be passed in the first or second-quarter and could grease the skids for other ACA measures that are either attached as amendments or follow in subsequent bills.

On a separate, simultaneous track, drug pricing will continue to be scrutinized. Lawmakers will pick

up where they left off leading up to the August recess. It's now part of the national dialogue and lawmakers will continue to discuss how to address the issue.

2. Will merger activity continue on its current, accelerated pace?

Cardoza: The ACA has forced market consolidation due to everyone's ability, or rather inability to compete over costs. We may see other large insurance plans leave the exchanges if the Department of Justice doesn't approve their respective mergers.

Walsh: Mergers have been an interesting consequence of the ACA, and we'll see more alignment in this regard. They don't always generate big news headlines, but smaller acquisitions of technology assets and payments systems are happening all over, so health care organizations can build their portfolios.

3. What are some other noteworthy developments you're watching closely?

Cardoza: Concluding a long, iterative process, the Centers for Medicare & Medicaid Services will soon be rolling out its new health care payment and service delivery models as part of the transition from fee-for-service. Next year will be a key period as we work toward full-blown implementation of new reimbursement practices that reflect better value and promote quality care for patients.

Walsh: The 21st Century Cures Act, which is Representative Fred Upton's legacy issue, has received broad bipartisan support and already passed the House. It will allocate more funding to the National Institutes of Health to explore new cures and treatments, and incent to innovative approaches to disease management. It should get a fair shake in 2017, if not during the upcoming lame duck session.

4. What should health care executives be thinking about heading into 2017?

Cardoza: Complacency has set in with the Washington gridlock, and many executives with bearish outlooks have accepted the broken system and are merely just controlling costs. However, they need to change their mindset and be more cognizant of what could soon affect their business, as we're about to enter a transformative year where there will be a lot of moving parts. If they're not informed and engaged, they're going to get left behind.

Walsh: The uncertainty surrounding the ACA has certainly caused a lot of angst, and makes planning for businesses extremely difficult. Companies need to channel that energy into advocacy for their organization. Although every system is different, the industry-wide movement toward modernization, value, and quality will affect all parties. While it will be incremental, the change that will be prompted by the election is inevitable.

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