



## Aimed Alliance's Response to the Administration's 2020 Budget Request

On March 11, 2019, the Trump Administration released its budget request for Fiscal Year 2020 ("Budget").<sup>1</sup> The President's Budget is a symbolic document that communicates the administration's priorities to Congress and requests specific funding levels for government programs. It is an aspirational document that contains policy proposals that can be achieved by redistributing money between different government programs, creating new programs, or concluding others. While the President's Budget is an important first step of the annual appropriations process, Congress holds ultimate authority over government funding levels and is not bound by anything contained in the President's Budget. Some of the proposed funding requests may result in improved access to treatment and reduced health care costs for patients, while others may have the opposite impact.

### I. Proposals We Support

Aimed Alliance supports the following proposals in the Administration's budget request:

**Part D Spending Cap.** The Administration proposed creating an out-of-pocket spending cap for the catastrophic coverage phase of Medicare Part D plans. The cap would avert the impending Part D cliff<sup>2</sup>, thereby sparing Medicare beneficiaries from experiencing a sharp increase in out-of-pocket costs.<sup>3</sup> It would ultimately lower the amount of money that Medicare beneficiaries must spend to reach the catastrophic coverage phase and decrease net out-of-pocket costs for these patients.

**Citizen Petition Process.** The Administration seeks to enhance the authority of the U.S. Food and Drug Administration (FDA) to address abuses of the citizen petition process. With this enhanced authority, the FDA may be able to accelerate the pace at which it approves new generic medications, resulting in additional competition and lower-cost options for consumers.

**Surprise Medical Bills.** The Administration suggests curtailing surprise out-of-network medical bills. Patients commonly incur such bills when they receive a service at an in-network facility, but by an out-of-network member of the care team. Meaningful reform for surprise medical bills could include providing appropriate notice to patients prior to receiving treatment and ending balance billing, both of which would reduce out-of-pocket costs for patients.

**Primary Care.** The administration is interested in reprioritizing primary care by enacting a budget-neutral increase in primary care provider payments. Given the national shortage of primary care providers, increased payment rates could entice more people to join the profession.<sup>4</sup>

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<sup>1</sup> <https://www.whitehouse.gov/wp-content/uploads/2019/03/budget-fy2020.pdf>

<sup>2</sup> Each year, Medicare beneficiaries must pay more out-of-pocket to reach the catastrophic coverage phase where Medicare pays a greater share of medical costs. The Affordable Care Act included a measure that slowed the growth of these cost-sharing obligations, but it is set to expire at the end of 2019. If this measure expires, seniors will be responsible for much greater out-of-pocket spending before reaching the catastrophic coverage phase.

<sup>3</sup> <https://energycommerce.house.gov/newsroom/press-releases/pallone-neal-introduce-legislation-to-avert-medicare-part-d-cliff>.

<sup>4</sup> <https://news.aamc.org/for-the-media/article/gme-funding-doctor-shortage/>

## II. Proposals We Oppose

Aimed Alliance does not support the following proposals in the Administration's budget request:

**Exclusion of Discounts.** The Administration proposes to exclude the value of drug manufacturer discounts when calculating beneficiaries' out-of-pocket costs in the Medicare Part D coverage gap. Such a change is akin to implement unfair copay accumulator policies. Beneficiaries who have reached the coverage gap have already paid \$3,820 in out-of-pocket costs.<sup>5</sup> By excluding the value of drug manufacturers' discounts, even more costs are shifted onto an already vulnerable population of payments.

**Closed Formularies.** The Administration seeks to allow states to use closed formularies in Medicaid plans. As a result, Medicaid plans could begin to exclude medically necessary treatments that they have traditionally been required to cover. As a result, patients could lose access to their medications.

**Medicaid Eligibility.** The Administration suggests empowering states to review Medicaid eligibility for enrollees more frequently. This change would be most problematic for individuals whose net worth fluctuates around the Medicaid eligibility threshold, as they would more frequently have to prove that they are eligible for coverage. Given pricing differences between Medicaid and marketplace plans, people whose assets or income exceed the eligibility threshold will likely not enroll in a marketplace plan after losing Medicaid coverage. As such, they may have no health care coverage.

**Work Requirements.** The Administration proposes to authorize states to condition Medicaid coverage on work requirements. Recently implemented in Arkansas, this policy resulted in over 18,000 residents losing their Medicaid eligibility due to burdensome requirements.<sup>6</sup> On March 27, 2019, District Court Judge James Boasberg struck down<sup>7</sup> the work requirement for being arbitrary and capricious.<sup>8</sup> While this ruling would ordinarily prevent the work requirements from being implemented, the Centers for Medicare and Medicaid Services subsequently approved similar work requirements in Utah. This action signals that the Administration is planning to appeal the District Court's decision, which could lead to the case eventually being heard before the Supreme Court.

Aimed Alliance will continue monitoring and analyzing these policy proposals.

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<sup>5</sup> <https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/costs-in-the-coverage-gap>

<sup>6</sup> <https://www.kff.org/medicaid/issue-brief/state-data-for-medicaid-work-requirements-in-arkansas/>

<sup>7</sup> <https://khn.org/news/federal-judge-again-blocks-medicaid-work-requirements/>

<sup>8</sup> Judge Boasberg halted the work requirements because the government was unable to demonstrate how they would further the Medicaid program's statutory purpose of providing medical coverage to the needy.