

# Health Care Policy Update

## Health Care Policy Weekly Update and Outlook

Government Regulations

### Congressional Leaders Propose Continuing Resolution to Fund the Government into March

On January 14, House Speaker Johnson (R-LA) and Senate Majority Leader Schumer (D-NY) released a draft Continuing Resolution (CR) that would fund the government in two tranches through March 1 and March 8. The CR is relatively clean, but does include several healthcare extenders. The bill would delay Medicaid DSH hospital payment cuts until March 8, and would also provide funding for Community Health Centers through March 8. The bill would also extend Medicare physician payment work geographic index floor through March 8 as well. This Continuing Resolution to fund the government will provide an additional 6 weeks for Congress to continue working on the 12 individual appropriations bills that will need to be passed to provide funding for the full year FY2024. The CR follows last week's agreement on topline FY2024 spending levels for both defense and non-defense discretionary funding. Congress continues to work on a healthcare extenders package including PBM reforms, physician payment fix, transparency, and longer-term fix for Medicaid DSH cuts, and Community Health Center funding as part of government funding bills that would need to pass by March 8.

### Report Provides Trends in Orphan Drug Approvals

On January 9, researchers from the FDA and HHS released a research paper in *Health Affairs*, titled, "Trends in Orphan Drug Label Expansions and Subsequent Approvals, 1990-2022." The report discusses the Orphan Drug program, and focuses on "concerns regarding these orphan drugs, including how many are being approved for both rare and common diseases and the number of subsequent indication approvals. Policy makers have suggested modifications to the Orphan Drug Act's incentives to address these concerns." The report found that 491 novel orphan drugs were approved between 1990 and 2022, with 65% approved for a single rare disease, 15% approved for multiple rare diseases, and 20% approved for both rare and common diseases.

### MedPAC Finalizes FY2025 Payment Recommendations

On January 11-12, the Medicare Payment Advisory Commission (MedPAC) held its January meetings and finalized its FY2025 Medicare payment recommendations. MedPAC calls for increasing hospital payment by 1.5% above current law, as well as distributing additional \$4 billion in new payments through a new Medicare Safety Net Index payment (MSNI). MedPAC also recommends boosting physician payments by half the Medicare Economic Index increase, along with an add-on payment for physician services to low-income Medicare beneficiaries. Other recommendations call for eliminating the payment update for hospice, reducing home health payments by 7%, reducing SNF payments by 3%, reducing inpatient rehab facility payments by 5%, and maintaining current law payment updates for dialysis. MedPAC also discussed the Medicare Advantage program, and shared new data that estimates MA payments are 23% more than payments for equivalent fee-for-service beneficiaries, due to excess coding intensity, as well as favorable selection of beneficiaries. MedPAC estimates that coding intensity alone may result in \$54 billion in excess payments to MA plans in 2024.

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High Yield Credit  
United States  
Washington Healthcare

**Andrew B. Bressler, CFA**  
Research Analyst  
BofAS  
+1 202 442 7454  
[andy.b.bressler@bofa.com](mailto:andy.b.bressler@bofa.com)

#### Abbreviations

HHS: Health and Human Services  
Department

CMS: Centers for Medicare and Medicaid  
Services

FDA: Food and Drug Administration

PBM: Pharmacy Benefits Manager

DME: Durable Medical Equipment

ASC: Ambulatory Surgery Centers

IRF: Inpatient Rehab Facilities

SNF: Skilled Nursing Facility

MA: Medicare Advantage

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# Health Care Policy Events for the Week

## Monday (January 15)

- No events – Martin Luther King, Jr. Holiday

## Tuesday (January 16)

- Health Affairs briefing on “Nursing Home Staffing: Share of Immigrant Certified Nursing Assistants Grew As US-Born Staff Numbers Fell, 2010–21.”
- National Academy of Medicine meeting on "Research Priorities for Preventing and Treating Alzheimer's Disease and Related Dementias" (January 16-17)
- FDA webcast, “FY24 Broad Agency Announcement Question and Answer Session”

## Wednesday (January 17)

- Bipartisan Policy Center briefing on "Health Care Policy in the Election Year."

## Thursday (January 18)

- Senate HELP Committee hearing on "Addressing Long COVID: Advancing Research and Improving Patient Care."
- American Enterprise Institute (AEI) briefing on “Intellectual Property and Biopharmaceuticals: Implications of Changes in US Protections for Clinical Data and Technology.”
- HHS Health IT Advisory Committee Meeting
- PharmaForce briefing on “State of 340B in 2024: Biggest Developments Expected this Year.”
- FDA webcast on “Model-Integrated Evidence (MIE) Industry Meeting Pilot Program for Generic Drugs”

## Friday (January 19)

- HHS meeting of the National Center for Complementary & Integrative Health (NCCIH)

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