

Weekend Read: Health Care Implications of a Potential Biden Win

As votes trickle in, the potential for a Biden Administration in 2021 creates numerous implications for both payers and providers. Going into the weekend and next week, what are the key considerations with relation to the strategic impacts and opportunities from a potential Biden/Harris win?

First, a dose of reality:

- **Hopes for compromise agenda:** Democrats lost seats in the House. Even if they win, a Senate majority the moderates have been staking out their positions. Congress will need to decide whether to compromise on a centrist health agenda or commence the fight for 2024.
- **Supreme Court rules on the Affordable Care Act (ACA):** As we await a ruling on the ACA, most pundits predict a narrow upholding of most of the ACA. That said any hopes to strengthen the ACA with subsidies may be challenging in a very divided Congress - the power and extent of executive orders will continue to be tested.
- **Covid-19 - over hanging everything:** Irrespective of government actions, the impacts of the pandemic will likely continue to be felt at a minimum for many months and possibly for years. The economic overhang of deep state and federal deficits, combined with the growing need for more Covid-19-related relief, will be key considerations. These deficit-busting realities will weigh on any health care policies that create additional spend in the short to mid-term.
- **The Electorate:** The voters have spoken, and they are angry, partisan, fatigued and worried. They have a range of perspectives from deep economic insecurity at home or in their community to pointing out and focusing on economic successes under the Trump Presidency. Tax raises, even in deep blue states, will likely be highly constrained, which will affect both Medicaid rates and the potential for additional Medicaid expansions under the ACA.

Now, what are some potential opportunities and other considerations?

- **HHS/CMS:** Under a new administration, HHS/CMS may create a more cohesive, science-based federal level response and plan for Covid-19 that aligns across states. This may make it easier for payers and providers to develop more consistent and scalable multi-state and regional strategies.
- **Reinforced CMS shift to value-based payment (VBP):** The shift to VBP and population health management will accelerate. A laser focus on reduction of total cost of care in order to mitigate financial distress at federal, state and employer levels will be a top priority. Future winners in the provider and payer space will be those that have a believable and actionable plan to achieve total cost of care savings year over year for attributed members for all lines of business.
- **Medicare:** The Democrats' proposal to lower age of eligibility for Medicare are unlikely. Medicare Advantage will continue to expand - potentially offered to lower age group increasing total addressable market. Medicare Direct Contracting for 2022 may be modified by a new administration.
- **Medicaid managed care and Medicaid:** Medicaid managed care and Medicaid overall enrollment will continue to grow, particularly taking into account near term Covid-19 impacts on employment and losses of coverage.



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- **Medicaid expansion:** Assuming the ACA survives sufficiently intact, will red states opt for expansion given growing health and financial population needs caused by Covid-19? Alternatively, will red state legislatures continue to rebuff? Are ACA premium subsidies questionable given budget deficits? Will some states that have not expanded Medicaid look to the Arkansas “private option” Marketplace premium assistance model?
- **Federal waivers and programs:** It is likely that Medicaid block grants to states and work requirements proposals are now a non-starter. 1115 Medicaid waivers and other related waivers, such as 1332, may provide added flexibilities in play as key options (particularly for stymied states such as CA and NY).
- **Federally qualified health centers (FQHCs):** FQHCs will take on an increasingly key role in access and more in population health management. Their funding from the federal government will be steady or increases, and they will become critical components of any Medicaid networks taking risk with payers.
- **Digital and technology:** Digital and technology have proven its value and will be promoted, as well as consumerism driving change in “care delivery models” and the ways in which health care data is used and shared. The move toward interoperability, transparency and patient engagement with their data will remain an imperative.
- **Social determinants of health (SDOH):** Taking into account some of the social needs, as well as deficit and funding issues above, Medicaid will possibly be better funded and a more attractive business, or at least avoid some of the painful cuts that are being considered in many states. State waivers will increasingly promote racial equity and the integration of community based non-medical services into the core managed care premium and networks.

As 2020 pollsters proved, forecasting is a tricky business. That said, our collective wisdom recommends “Stay Calm, Stay the Course.” In particular, stay relentlessly focused on building and optimizing capabilities and networks that enable success in reducing the total cost of care while improving access and quality for attributed populations.

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