Appropriations - FY 2018

- Deadline - September 30, 2018
- Continuing Resolution to Dec. 7th (Lame Duck)
- Minibuses
  - Energy-Water, Legislative Branch and Military Construction-VA
  - Interior-Environment, Financial Services, Transportation-HUD and Agriculture
  - Defense and Labor-HHS-Education

- Future of Appropriations Process – 2 year cycle?
- Bring back Earmarks
340B Drug Discount Program

- ASP minus 22.5% (cut 28.5%)
- Savings must be redistributed equally to hospitals covered under OPPS.
- Divisions among Pharma, Hospitals, Community Oncologists
- Legislation: Ranges from reversing the cut to transparency of dollars
- Lawsuits (AHA)

Opioid Efforts (HR 6)

- How to address the Opioid Epidemic?
- House bill passed on June 22, 2018
- Senate bill passed the week of September 17th
- Topic Areas of HR 6
  - Treatment and Recovery
  - Prevention
  - Protecting Communities
  - Fighting Fentanyl

- Will it even help???????????
Physician Fee Schedule – CY 2019

- Just to name a few provisions:
- Eliminates prohibition on same day visits
- E/M Documentation
  - Redundancy
  - Teaching Physician
  - Simplification
- RFIs
  - Interoperability
  - Price Transparency

Stark Self Referral

- CMS Request for Information:
  - June 25th (comments were due by August 24th)
  - 20 separate topics
- Ways and Means Health Subcommittee
  - “Modernizing Stark Law to Ensure the Successful Transition from Volume to Value in the Medicare Program”
  - Issues related to compliance and barriers
  - How should it be modified
Drug Pricing: White House Team

- Fulfilling campaign pledge to address drug prices
- To do so, needed “A” team at Department of Health & Human Services
  - Sec. Azar – former Eli Lilly President of U.S. Operations
  - Dan Best, Sr. Adv. For Drug Pricing Reform – former CVS Part D
  - John O’Brien, Advisor to the Secretary, Pharmacist and former Insurance Policy Advisor

Deep understanding of the drug pricing and supply chain
Working to implement the “low hanging fruit” first

Blueprint to Lower Drug Prices and Reduce OoP Costs

- Divided into two categories:
  - Actions President may direct HHS to take immediately
  - Actions being considered by HHS – requested feedback

- Actions divided in the following areas:
  - Increased Competition
  - Better Negotiation
  - Incentives to Lower List Prices
  - Lowering Out-of-Pocket Costs
Public’s View on How to help community

Which factor has the greatest impact on improving health care in your community?

- Lower-cost care: 51%
- Flexibility to see providers after hours: 11%
- Convenient health care facilities: 22%
- Other: 16%

Source: CVS Health

Lower List Price (Transparency)

- List individual Rx price on CMS Drug Dashboard
- Durbin/Grassley amendment to LHHS Approps: $1M to implement List Price incorporated in TV Ads
- Upcoming Rule regarding Medicare and Medicaid Drug Pricing Transparency
- Public Shaming – Pfizer (or was it?)
Competition and Negotiation

- Step Therapy for Part B Drugs in Medicare Advantage – Begins Jan. 1, 2019

- Working group to examine Drug Importation

- Generic Drug Approvals since Blue Print released – “record number in July”
  - 2017: over 1,000 total
  - July 2018: 126 total

- Creates Act and May public shaming of branded drugs impeding access to samples

Out-of-Pocket Knowledge

Do you typically know the out-of-pocket cost for a medication before you fill the prescription?

- 39% Yes
- 59% No
- 2% No opinion

Source: CVS Health
Out-of-Pocket Costs

- Revoke pharmacy “gag clauses” for Part D- supportive of more expansive

- 340B – inpatient and outpatient ----big turf battle

- Lots of vague talk

How the Industry views Drug Distribution

How Drug Distribution Works
A complex supply chain determines how prescription drugs are paid for in the U.S.

Wholesaler or drugmaker negotiates price with pharmacy

Pharmacy dispenses to consumer and collects copay

Individuals pay premiums to their health insurer or employer

Drugmaker sells to wholesaler at small discount to list price

The PBM negotiates with the pharmacy over reimbursement for drugs and dispensing fees

Health insurer or employer

Insurer or employer pays PBM to manage drug costs, and the PBM passes back some or all of the rebates to the health insurer or employer

PBM negotiates to receive rebates from drugmaker

THE WALL STREET JOURNAL.

Source: Audere Health
How the White House views Drug Distribution

**PBMs**

- **Political Landscape**
  - White House
  - Congress
- **PBMs vs the World (almost)**
- Rebates reduced costs in Part D by $34.9B and w/out premiums ↑ 52% in 2018
  (Oliver Wyman Consulting)

  “This study further confirms that drugmakers set and raise prices unrelated to the rebates they negotiate with PBMs. Drug companies keep raising prices even when rebates go down,” said **PCMA President and CEO Mark Merritt**. “Simply eliminating plans’ ability to negotiate price concessions would enrich drugmakers at the expense of patients, who’d not only face higher prices but higher premiums and out-of-pocket costs too.”
115th Congressional Party Breakdown

**House**
- 193 Democrats
- 237 Republicans
- 6 Vacancies
- Democrats need a net gain of 22 seats to flip control of the House.

**Senate**
- 49 Democrats (including 2 “Independents”)
- 51 Republicans
- Democrats need a net gain of 2 seats to flip control of the Senate

November Mid-Term Elections: House

- According to Cook Political Report, 11 Republican seats are “likely” or “lean” Democratic.
- Another 28 Republican Seats are “toss-ups”.
- Currently, only one Democratic seat is in danger of flipping Republican (Pennsylvania 14); only 2 Democratic seats are “toss-ups”.
- Nate Silver’s FiveThirtyEight gives Democrats a 82.9% chance of winning control of the House; Republicans have a 17.1% chance of retaining control.
November Mid-Term Elections: House

<table>
<thead>
<tr>
<th>District</th>
<th>Incumbent</th>
</tr>
</thead>
<tbody>
<tr>
<td>California 10</td>
<td>Rep. Jeff Denham</td>
</tr>
<tr>
<td>California 35</td>
<td>Rep. Steve Knight</td>
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<tr>
<td>California 39</td>
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<tr>
<td>California 45</td>
<td>Rep. Mimi Walters</td>
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<tr>
<td>California 48</td>
<td>Rep. Dana Rohrabacher</td>
</tr>
<tr>
<td>Colorado 06</td>
<td>Rep. Mike Coffman</td>
</tr>
<tr>
<td>Iowa 03</td>
<td>Rep. David Young</td>
</tr>
<tr>
<td>Illinois 06</td>
<td>Rep. Peter Roskam</td>
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<tr>
<td>Illinois 12</td>
<td>Rep. Mike Bust</td>
</tr>
<tr>
<td>Kansas 02</td>
<td>OPEN</td>
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<tr>
<td>Kansas 03</td>
<td>Rep. Kevin Yoder</td>
</tr>
<tr>
<td>Kentucky 06</td>
<td>Rep. Andy Barr</td>
</tr>
<tr>
<td>Maine 02</td>
<td>Rep. Bruce Poliquin</td>
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<tr>
<td>Michigan 06</td>
<td>Rep. Mike Bishop</td>
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<tr>
<td>Michigan 12</td>
<td>OPEN</td>
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<tr>
<td>Minnesota 02</td>
<td>Rep. Jason Lewis</td>
</tr>
<tr>
<td>Minnesota 03</td>
<td>Rep. Erik Paulsen</td>
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<tr>
<td>North Carolina 09</td>
<td>OPEN</td>
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<tr>
<td>New Jersey 03</td>
<td>Rep. Tom MacArthur</td>
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<tr>
<td>New Jersey 07</td>
<td>Rep. Leonard Lance</td>
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<td>New York 19</td>
<td>Rep. John Faso</td>
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<tr>
<td>New York 22</td>
<td>Rep. Claudia Tenney</td>
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<td>Ohio 01</td>
<td>Rep. Steve Chabot</td>
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<td>Texas 07</td>
<td>Rep. John Culberson</td>
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<tr>
<td>Texas 32</td>
<td>Rep. Pete Sessions</td>
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<tr>
<td>Virginia 02</td>
<td>Rep. Scott Taylor</td>
</tr>
<tr>
<td>Virginia 07</td>
<td>Rep. David Brat</td>
</tr>
<tr>
<td>Washington 08</td>
<td>OPEN</td>
</tr>
</tbody>
</table>

Republican “Toss-Up” Seats

Democratic “Toss-Up” Seats

*Not listed are another 27 Republican seats that “Lean Republican” – considered competitive, but with a slight advantage for Republicans; 2 Democratic seats are “Lean Democratic”.

November Mid-Term Elections: Senate

- 35 Senate seats are up for election in 2018 (including special elections in Minnesota and Mississippi).
- Of the 35 Senate seats, 26 are currently held by Democrats – including in 5 states that Trump won by double digits.
## Senate: Competitive Seats

TOSS-UP/POTENTIALLY COMPETITIVE SEATS
(in order of most competitive/likely to flip)

<table>
<thead>
<tr>
<th>STATE</th>
<th>INCUMBENT</th>
<th>TRUMP 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>NV</td>
<td>Dean Heller</td>
<td>-2.5%</td>
</tr>
<tr>
<td>AZ</td>
<td>Jeff Flake (retiring)</td>
<td>+3.6%</td>
</tr>
<tr>
<td>MO</td>
<td>Claire McCaskill (D-MO)</td>
<td>+18.7%</td>
</tr>
<tr>
<td>IN</td>
<td>Joe Donnelly (D-IN)</td>
<td>+19.1%</td>
</tr>
<tr>
<td>ND</td>
<td>Heidi Heitkamp (D-ND)</td>
<td>+35.8%</td>
</tr>
<tr>
<td>TN</td>
<td>Bob Corker (retiring)</td>
<td>+26.0%</td>
</tr>
<tr>
<td>WV</td>
<td>Joe Manchin (D-WV)</td>
<td>+42.1%</td>
</tr>
<tr>
<td>MN</td>
<td>Tina Smith (D-MN)</td>
<td>-1.5%</td>
</tr>
<tr>
<td>FL</td>
<td>Bill Nelson (D-FL)</td>
<td>+1.2%</td>
</tr>
<tr>
<td>TX</td>
<td>Ted Cruz (R-TX)</td>
<td>+9.0%</td>
</tr>
<tr>
<td>OH</td>
<td>Sherrod Brown (D-OH)</td>
<td>+4.1%</td>
</tr>
<tr>
<td>MT</td>
<td>Jon Tester (D-MT)</td>
<td>+20.5%</td>
</tr>
<tr>
<td>WI</td>
<td>Tammy Baldwin (D-WI)</td>
<td>+0.7%</td>
</tr>
<tr>
<td>PA</td>
<td>Bob Casey (D-PA)</td>
<td>+0.7%</td>
</tr>
<tr>
<td>NJ</td>
<td>Bob Menendez (D-NJ)</td>
<td>-14.1%</td>
</tr>
</tbody>
</table>

- **Pennsylvania’s Most Watched List**

  - **Seven Freshman Representatives**
    - New 4th District, Meehan, Costello, Dent, Barletta, Shuster, Murphy
  
  - Other matchups – Sleepers?
  - Rep. Carthwright vs. John Chrin
  - Rep. Kelly vs. Ron DiNicola
  - Rep. Perry vs. George Scott
**What is “lobbying”**

- **Education!!**
- **Substantive policy expertise**
- **Political insight and access**
- **Creative problem-solving**
- **Play nice**
- **Ethical obligations**

**Phases of GR**

- **Introductions**
  - Introduce organization to lawmakers
  - Initiate and begin building relationships
  - Cue up policy issues important to the organization

- **Becoming a Resource**
  - Instead of calling the Hill, the Hill calls YOU
  - Maintaining relationship by providing expertise
  - Participation in hearings, roundtables

- **Legislative Input**
  - Offer substantive recommendations and line edits to proposed legislation
  - Have original legislation introduced

- **Issue Intervention**
  - Seek intervention on specific non-legislative issues from Members of Congress
  - Regulatory or Administrative input
Who do you engage?

- Geography
  - Nationwide membership = nationwide constituents
  - House districts vs. Senate

- Committees of Jurisdiction
  - House
    - Energy & Commerce
    - Ways and Means
  - Senate
    - HELP
    - Finance

- Pet Issues and Passions
  - Members of Congress with particular interests or backgrounds, e.g. Doctor’s Caucus, Veterans

- Legislators’ History
  - Who has led bills on similar issues
  - Who has objected to certain efforts
  - Who works well together

3 Actions to Take to Maximize your Agenda

- Advocate
- Collaborate
- Ideate