



Maverick Health Policy

Updates from Inside the Beltway: Analyzing Health Policy Activity and Trends in an Election Year



2024 Election Year: More Regulation, Less Legislation

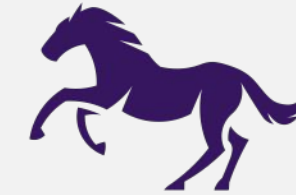
Executive Branch

- Regulations become more common in an election year – particularly if the legislative process is stalled
 - Used to advance policy agenda
- So far, the Executive Branch is flexing this ability:
 - FTC Health Breach Notification Rule finalized
 - HIPAA Privacy Rule to Support Reproductive Health Care Privacy
 - Section 1557 Final Rule
 - And more...

Legislative Branch

- Legislators prioritize bills that they believe will resonate with voters – slows down the legislative process
 - Not a hard and fast rule – if there is a sense of urgency or bipartisan agreement large legislation can be passed
- A lot has been introduced:
 - Telehealth Modernization Act
 - Health Care Cybersecurity Improvement Act
 - American Privacy Rights Act
 - And more...

Updates on President Biden's AI EO



Maverick Health Policy

Major Announcement

- All federal agencies with 180-day deadlines from the AI EO completed all required tasks

HHS Actions

- Released a Plan for Promoting Responsible Use of Artificial Intelligence in in Public Benefit Administration.
- Section 1557 final rule clarifies requirements apply to the use of AI

Commerce Actions

- Released for public comment draft documents on managing generative AI risks and securely developing generative AI systems

AI Oversight Takes a Multi-Pronged Approach

Industry Organizations Look to Self-Regulate

- **Mar. 4:** Coalition for Health AI (CHAI) launched
- **Mar. 11:** Microsoft launched TRAIN
- **Mar. 13:** Consumer Technology Association (CTA) convened stakeholders to create a common understanding of healthcare AI
- **Apr. 8:** The National Academy of Medicine released a Draft Code of Conduct for AI in healthcare

Federal Agencies Flex Their Oversight Muscle

- **Jan. 29:** DOJ begins investigating AI in healthcare
- **Feb. 6:** CMS warned MA plans about using an algorithm for coverage determinations
- **Mar. 28:** White House OMB issued the first government-wide policy to mitigate the risks of AI
- **Apr. 24:** Lina Khan, chair of the FTC, expressed concern that algorithms could lead to healthcare price fixing

States Act Because of Federal Inaction


- **Apr. 18:** AK, CO, CT, GA, TX, VA collaborate on AI legislation
- **Apr. 24:** The Connecticut Senate passed a bill to regulate AI decision-making
- **May 1:** Utah's AI Act

Increased scrutiny of U.M. practices leads to unfavorable market for some

- Study: restrictions on Medicare Part D drugs (i.e., prior authorization, formulary restrictions, etc.) increased between 2011 - 2020
- Point32Health announced updates to its prior authorization requirements for home health care services – no UM for first 30 days post-discharge
- CY 2025 MA and Part D final rule
- CMS Administrator says more prior authorization rules could come
- UnitedHealth Group's naviHealth division laid off 114 people

Interoperability

Agencies are Doubling Down on FHIR and APIs



Jan. 17: CMS finalized Advancing Interoperability and Improving Prior Authorization Processes rule

Feb. 5: SAMHSA and ONC launched the Behavioral HIT Initiative -- will invest \$20M of SAMHSA funds within three years to support behavioral health integration

Mar. 27: ONC publishes its Federal Health IT Strategy for 2024-2030

Apr. 22: ONC releases the Common Agreement Version 2.0 for TEFCA, requiring QHINs to use FHIR

Congress, the Executive Branch, and Collaboratives are Trying to Find Value in Digital Health

Congressional Action

- **Feb. 1:** Congressional Digital Health Caucus
- **Mar. 12:** Telehealth Modernization Act of 2024
- **Apr. 10:** House E&C holds hearing on telehealth permanency

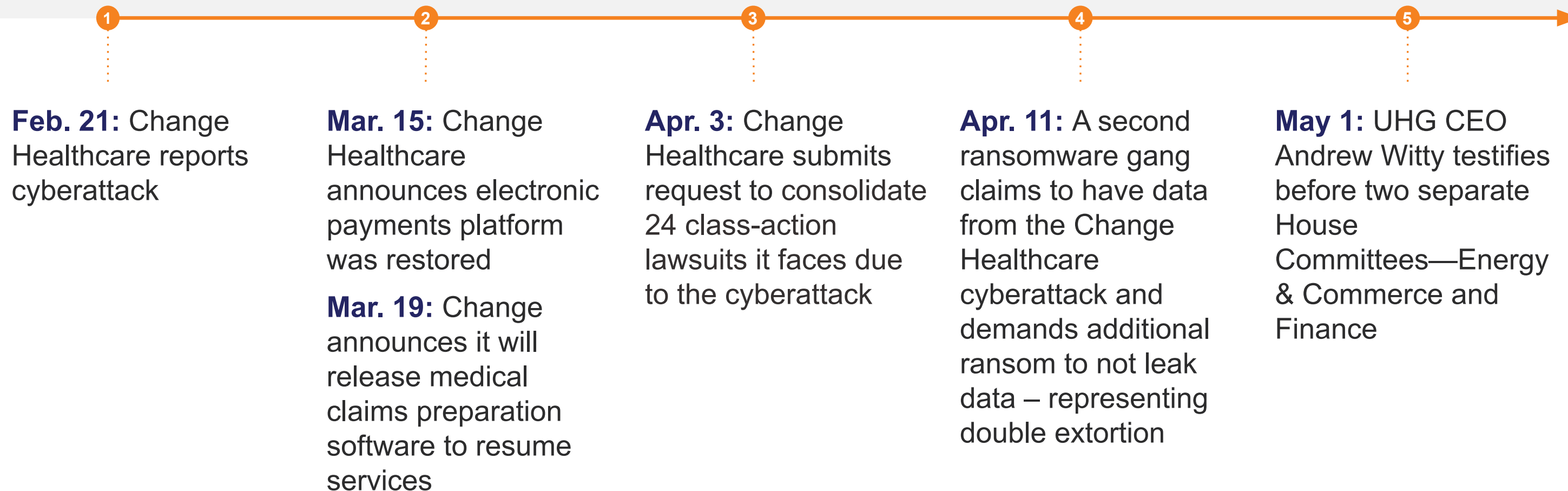
Executive Branch

- **Feb. 2:** Final rule on flexibilities for opioid treatment prescriptions via virtual care
- **Mar. 11:** President Biden's proposed 2025 HHS budget included virtual care expansion
- **Apr. 11:** MedPAC gives telehealth status update

Commercial Partners

- **Feb. 21:** PHTI launched Digital Health Collaborative
- **Mar. 21:** PHTI issued first report on digital type 2 diabetes tools
- **Apr. 23:** Joint Commission announces telehealth accreditation

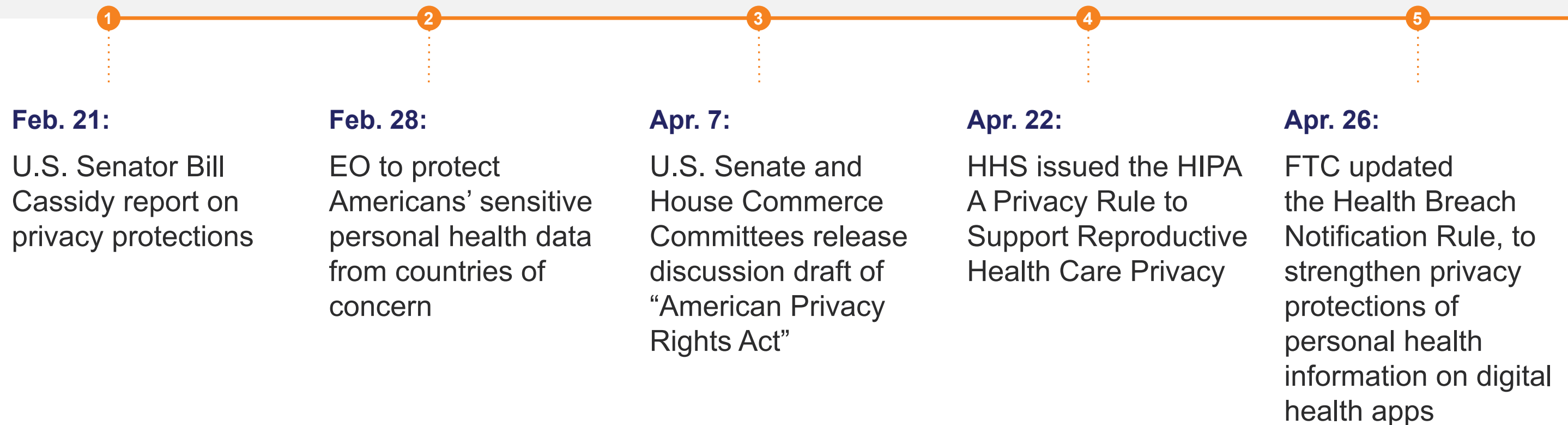
Change Healthcare Cyberattack Causes Increased Focus on Cybersecurity



Cybersecurity Takes Front Seat After 2023 Sees 116M Records Exposed

- 1** **January 2024**
CISA issued 1,200 pre-ransomware notifications to over 150 U.S. healthcare organizations
- 2** **January 24, 2024**
HHS published voluntary cybersecurity goals
- 3** **February 27, 2024**
HSCC WG published the "Health Industry Cybersecurity Strategic Plan" – call to action
- 4** **March 22, 2024**
Senator Mark Warner introduced Health Care Cybersecurity Improvement Act of 2024
- 5** **March 27, 2024**
CISA released a proposed rule requiring covered entities to report cyber incidents, ransom payments

The Executive Branch and Congress Try to Ensure Data Privacy for Americans



M&A Scrutiny

PE and M&A Takes Center Stage in Healthcare

Focus: Competition

- **Jan. 8:** Stacey Sanders first-ever HHS Chief Competition Officer
- **Mar. 5:** WH Competition Council “strike force” on unfair pricing
- **Apr. 3:** Senate HELP Committee holds hearing about “corporate greed” in healthcare

Focus: Private Equity

- **Mar. 5:** FTC hosts PE in healthcare workshop
- **Mar. 5:** HHS, FTC, and DOJ issue joint RFI on PE in healthcare
- **Apr. 1:** Sen. Peters initiates inquiry about PE involvement in emergency staffing firms

Other Actions

- **Jan. 25:** FTC sues to block Novant Health from acquiring two Community Health Systems hospitals in North Carolina
- **Feb. 27:** DOJ launches investigation into UnitedHealthcare
- **Mar. 8:** U.S. Senate confirms two Republican nominees to the FTC

M&A Scrutiny

Increased Scrutiny Impacts Deals in Payer and Provider M&A



- **Jan. 17: General Catalyst** signed a non-binding letter of intent to acquire **Summa Health** for new innovation-focused health system
- **Feb. 14: SCAN Group** and **CareOregon** call off merger one year after its announcement after regulatory scrutiny
- **Feb. 14: BCBS of Louisiana** and **Elevance** once again pause merger following regulatory scrutiny
- **Mar. 11: Elevance Health** acquired **Paragon Health**, an infusion and drug therapy company, for an estimated \$1B
- **Mar. 27: Optum** announces it will buy Massachusetts-based **Steward Health Care's** physician group
- **Apr. 2: Kaiser Permanente** officially acquires **Geisinger**, creating the new, non-profit entity of "Risant Health"

Medicare Advantage Updates

Payers Face Scrutiny Over MA

- **Jan. 25:** CMS issues RFI on MA data
- **Mar. 5:** **Chartis Group** MA Marketplace report -- new enrollment (mostly) goes to 3 national payers
- **Mar. 15:** **MedPAC** March Report says \$83B in overpayments to plans
- **Apr. 1:** '25 MA Rate Announcement, slight decrease in plan payments
- **Apr. 4:** '25 MA rule, reforming broker compensation and including new UM health equity requirements
- **Apr. 15:** CMS Administrator says more prior auth rules could come

MA Plans React to CMS Policy Changes

- **Jan:** **SCAN Health Plan** and **Elevance** sue CMS over 2024 Star Rating calculations
- **Jan. 31:** **Cigna** announces it will sell its MA business to **HCSC**
- **Apr. 24:** **Humana** predicts cut to benefits in 2025 after MA rate announcement
- **Apr. 30:** **CVS** acquires MA broker, **Hella Health**
- **May 1:** **CVS** stocks drop after admitting Aetna's unexpectedly higher claims and changing MA reimbursement

2024 and Beyond

What's Next? A Lot of Unknowns...



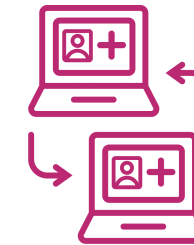
M&A

FTC, DOJ, and HHS Chief Competition officer – Stacy Sanders – will continue to act against mergers it deems bad for patients – **Congress** increases focus (Health Over Wealth Act)



Digital Health

U.S. Congress will have to allow for telehealth permanency before the end of 2024 – in an election year



Interoperability

Will **TEFCA** reach significant adoption? **HTI-2** still at OMB – will it include corollary requirements for providers (ePA)?



AI

More principles before policy...
Industry organizations will continue to educate Congress and federal agencies – states may take action first (e.g., Utah)



Cyber

Reactions to **Change Healthcare** breach – increasing scrutiny and incentives before requiring cyber practices for healthcare



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Questions?

Download our full Market Report

MARKET REPORT

The State of Utilization Management,
Care Management, and Population Health
Management in 2024





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Thank you