



Election 2020 Insights, Part 2
What Should Keep You Up at Night?
Supplemental Materials
December 16, 2020



Providers are likely to face continued reimbursement pressure and incentives to deliver value, but could benefit from policies aimed at improving access to care

DIRECTIONAL

Providers

Provider impacts

Hospitals

Physician groups

Likelihood	Policy	Provider impacts	
		Hospitals	Physician groups
High likelihood	Government preparation for the next infectious disease event	Protect future procedure volumes via access to personal protective equipment (PPE)/related resources	
	Reversing Trump exec. orders on Affordable Care Act (ACA) and women's health	Limited expected impact	
	Ending surprise billing	Lower reimbursement for procedures requiring out-of-network providers	
	Increasing access to telehealth/behavioral health	Increased payments per patient for telehealth and behavioral health services	
Medium likelihood	Supporting value-based innovation	Larger providers with the capability to track costs and outcomes are better positioned to benefit	
	Increasing healthcare price transparency	Lower reimbursement due to price competition, particularly for providers or systems providing "shoppable" procedures such as MRIs, etc.	
	Enabling importation of Food and Drug Administration (FDA)-approved foreign drugs	Limited expected impact	
	Increased healthcare antitrust scrutiny	Limits on mergers are expected to increase health system competition	
Low likelihood	Lowering prescription drug prices	Depends on if extended to Part B drugs	
	ACA invalidation	Reduced coverage could lead to increases in uncompensated care	
	Lower Medicare age to 60	Depends on if extended to all persons 60+ (reduced reimbursement), or only uninsured/Medicaid beneficiaries (reduced uncompensated care)	
	Public option + ACA subsidy financial support	Increased coverage could reduce prevalence of uncompensated care	

Policy developments during a Biden administration are most likely to lead to:

- ✓ Lower reimbursement per unit volume
- ✓ Greater focus on value-based care
- ✓ Shift toward digitally enabled access points (e.g., telehealth and virtual care enablement)

Providers should prioritize efforts to shift to lower-cost sites of care and develop internal infrastructure to support patient-centered models of care

Providers

DIRECTIONAL

Policy implications



Lower reimbursement per unit volume



Greater focus on value-based care



Shift toward digitally enabled access points

Strategic priorities

- ✓ **Lower total cost of care by developing office-based alternatives to hospital outpatient department (HOPD) care, and be price competitive** where price transparency is mandated
- ✓ Counter revenue declines by expanding attractive services or service lines — including, but not limited to, telehealth and behavioral health
- ✓ Adopt evidence-based protocols to reduce clinical variation, and **measure patient experience and outcomes to enable value-based contracting**
- ✓ **Develop telehealth infrastructure or partner with leading platform vendors**
- ✓ Double down on **expanding behavioral health services**, which are expected to get increased attention and reimbursement

Downward pressures on reimbursement that are expected to challenge providers are conversely expected to benefit commercial payers

Commercial payers

DIRECTIONAL

Commercial payer impacts

Decreasing likelihood			
High likelihood	Ⓧ	Government preparation for the next infectious disease event	↔ Limited additional impact
	Ⓛ	Reversing Trump exec. orders on ACA and women's health	➔ Executive orders may require coverage of additional services but overall are expected to stabilize individual marketplaces
	ⓕ	Ending surprise billing	➔ Updated requirements expected to reduce unpaid bills and increase customer satisfaction
	ⓗ	Increasing access to telehealth/behavioral health	➔ Expected to require reimbursement for additional services such as payment parity for telehealth and behavioral health services
	Ⓢ	Supporting value-based innovation	➔ Value-based innovation is expected to lower total cost of care
Medium likelihood	ⓖ	Increasing healthcare price transparency	➔ Price competition will benefit payers in contract negotiations
	ⓔ	Enabling importation of FDA-approved foreign drugs	➔ Drug importation has the potential to lower drug costs for payers
	Ⓚ	Increased healthcare antitrust scrutiny	➔ Increased provider competition will benefit payers in contract negotiations
Low likelihood	ⓓ	Lowering prescription drug prices	↔ Depends on if regulations are extended to commercial payers
	Ⓜ	ACA invalidation	➔ Invalidation of the law, or of elements of the law related to individual coverage, could reduce commercial lives
	ⓐ	Lower Medicare age to 60	➔ Increased Medicare coverage could reduce commercial lives if extended to all persons 60+ (possible to only extend to Medicaid/unins.)
	ⓑ	Public option + ACA subsidy financial support	↔ An attractive public option could reduce commercial lives , though this could be offset by expanded individual marketplace enrollment

Policy developments during a Biden administration are most likely to lead to:

- ✓ Focus on controlling spend/driving value
- ✓ Additions to required benefits (e.g., telehealth, behavioral health)
- ✓ Efforts to stabilize and expand individual marketplace enrollment

Commercial payers should engage in targeted negotiations for shoppable services and partner with providers to control costs of new service offerings

Commercial payers

DIRECTIONAL

Policy implications



Focus on controlling spend/driving value



Additions to required benefits (e.g., telehealth)



Stabilization of individual marketplace

Strategic priorities

- ✓ Engage in **targeted re-contracting efforts** with providers, particularly on shoppable procedures such as MRIs or laboratory and pathology services
 - ✓ Develop **capabilities to track outcomes and cost** as value-based models are introduced
 - ✓ **Proactively manage drug formularies** if drug pricing reform and reimportation take effect
-
- ✓ Consider **vertically integrating or partnering with leading telehealth and behavioral health** providers to control costs and utilization as those services' popularity increases
-
- ✓ **Reassess or develop new individual plan offerings** in response to Biden administration executive actions

Government payers are more likely than commercial payers to benefit from enrollment increases or new payment models due to executive pathways for action

Government payers

DIRECTIONAL

Government payer impacts	
Medicare	Medicaid

Likelihood	Impact	Government payer impacts	
		Medicare	Medicaid
High likelihood	Government preparation for the next infectious disease event	Limited additional impact	
	Reversing Trump exec. orders on ACA and women's health	Executive orders are expected to help accelerate Medicaid enrollment , such as rolling back work requirements put in place by the Trump WH	
	Ending surprise billing	Surprise billing in Medicare and Medicaid is already prohibited	
	Increasing access to telehealth/behavioral health	Expected to require reimbursement for additional services such as payment parity for telehealth and behavioral health services	
Medium likelihood	Supporting value-based innovation	Value-based innovation is expected to lower total cost of care	
	Increasing healthcare price transparency	Price competition will benefit payers in contract negotiations	
	Enabling importation of FDA-approved foreign drugs	Drug importation has the potential to lower drug costs	
	Increased healthcare antitrust scrutiny	Increased provider competition will benefit payers in contract negotiations	
Low likelihood	Lowering prescription drug prices	Prescription drug pricing has the potential to lower drug costs ,	
	ACA invalidation	If the entire law is invalidated, Medicaid enrollment will decline and CMS may face insolvency risks	
	Lower Medicare age to 60	Medicare Advantage could observe enrollment gains of ~5-25M , depending on whether coverage is extended to all or some individuals 60+	
	Public option + ACA subsidy financial support	Limited additional impact	

Policy developments during a Biden administration are most likely to lead to:

- ✓ Additions to required benefits (e.g., telehealth, behavioral health)
- ✓ New value-based payment models in Medicare
- ✓ Prescription drug pricing reform (either through legislation or executive action)

Net impact

Negative

Neutral

Positive

Government payers should prioritize developing capabilities to participate in value-based care demonstrations and to lower prescription drug costs

Government payers

DIRECTIONAL

Policy implications



Additions to required benefits (e.g., telehealth)



New value-based payment models in Medicare



Prescription drug pricing reform

Strategic priorities

- ✓ Consider **vertically integrating or partnering with leading telehealth and behavioral health** providers to control costs and utilization as those services' popularity increases
- ✓ Develop **capabilities to track outcomes/costs** required to participate in value-based care demonstrations via the Center for Medicare and Medicaid Innovation (CMMI)
- ✓ Conduct **targeted re-contracting efforts** with providers, particularly on shoppable procedures such as MRIs or laboratory and pathology services
- ✓ **Proactively manage drug formularies and coordinate with government agencies** if drug pricing reform and reimportation take effect

Stakeholders in the healthcare supply chain are likely to face multiple headwinds from increased logistical requirements and downward pressures on unit revenues

HC supply chain

DIRECTIONAL

Healthcare supply chain impacts

Decreasing likelihood			
High likelihood	U	Government preparation for the next infectious disease event	Government initiatives are likely to result in increased funding and support for supply chain infrastructure and capacity
	L	Reversing Trump exec. orders on ACA and women's health	Limited expected impact
	F	Ending surprise billing	Limited expected impact
	H	Increasing access to telehealth/behavioral health	Limited expected impact
Medium likelihood	I	Supporting value-based innovation	Efforts targeted at drug pricing (e.g., value-based purchasing, international pricing index) could lower unit revenues
	G	Increasing healthcare price transparency	Limited expected impact, as targeted to shoppable services
	E	Enabling importation of FDA-approved foreign drugs	Drug importation could impose additional logistical costs and burdens
	K	Increased healthcare antitrust scrutiny	Several distributors hold ~90%+ market share; antitrust scrutiny is expected to focus on providers, but could affect distributors
Low likelihood	D	Lowering prescription drug prices	Prescription drug pricing reform could reduce unit revenues , albeit primarily for branded drugs, which lower net margins for distributors
	M	ACA invalidation	If the entire law is invalidated, fewer insured persons could lead to reduced sales volumes
	A	Lower Medicare age to 60	Expanded health insurance coverage could increase sales volumes
	B/C	Public option + ACA subsidy financial support	Expanded health insurance coverage could increase sales volumes

Policy developments during a Biden administration are most likely to lead to:

- ✓ Increased infrastructure investments in light of pandemic readiness
- ✓ Indirect impact of effort to control drug costs in the form of lower revenue
- ✓ Potential new requirements of drug reimportation (lower likelihood)

Healthcare distributors should focus on necessary changes to warehousing and shipping capacity, and on shifting sales mix toward higher-margin generics

HC supply chain

DIRECTIONAL

Policy implications



Expanded pandemic response capabilities



Lower revenue due to drug pricing reform



Higher costs from drug reimportation oversight

Strategic priorities

- ✓ **Develop warehousing and shipping capacity** to distribute COVID-19 vaccines
- ✓ **Pursue opportunities** to develop supply chain infrastructure and participate in government programs that enhance U.S. pandemic readiness
- ✓ **Develop new initiatives to expand utilization of generics**, which are higher-margin than branded drugs, to counter revenue pressures imposed by drug pricing reform
- ✓ **Proactively engage government agencies** in the design of models such as international pricing indices to protect distributor margins
- ✓ Should drug reimportation be realized, **identify potential overseas supplier relationships**

Several policies are expected to help pharmacies expand services and increase market power vis-à-vis distributors and pharmacy benefit managers (PBMs)

Pharmacies

DIRECTIONAL

Pharmacy impacts

Decreasing likelihood			
High likelihood	Ⓧ	Government preparation for the next infectious disease event	↔ Pharmacies may need to adapt inventory and supply chain
	Ⓛ	Reversing Trump exec. orders on ACA and women's health	↔ Marginal growth in contraceptives sales may stem from exec. orders
	ⓕ	Ending surprise billing	↔ Limited expected impact
	ⓗ	Increasing access to telehealth/behavioral health	➔ Telehealth and broader initiatives to increase access to care may present opportunities for pharmacies to provide additional services
Medium likelihood	Ⓢ	Supporting value-based innovation	➡ Value-based purchasing models may lead to lower reimbursement
	ⓖ	Increasing healthcare price transparency	➔ May require PBMs to disclose generics pricing, reducing the likelihood that pharmacies are reimbursed less than acquisition cost
	ⓔ	Enabling importation of FDA-approved foreign drugs	↔ Impact depends on whether savings from drug importation are required to be passed along to pharmacies and consumers
	Ⓚ	Increased healthcare antitrust scrutiny	➔ Antitrust scrutiny may give pharmacies more bargaining power relative to distributors and PBMs
Low likelihood	ⓓ	Lowering prescription drug prices	↔ Could rein in direct and indirect remuneration (DIR) fees and increase access, but lower revenue may also be passed on to pharmacies
	Ⓜ	ACA invalidation	➡ If the entire law is invalidated, fewer insured persons could lead to reduced sales volumes
	ⓐ	Lower Medicare age to 60	➔ Expanded health insurance coverage could increase sales volumes
	ⓔⓐ	Public option + ACA subsidy financial support	➔ Expanded health insurance coverage could increase sales volumes

Policy developments during a Biden administration are most likely to lead to:

- ✓ Better protection and expanded bargaining power vis-à-vis PBMs
- ✓ Potentially lowering reimbursement due to value-based purchasing
- ✓ Expanded role of pharmacies in healthcare delivery

Pharmacies should focus on opportunities to diversify care offerings to counter lower reimbursement and take advantage of initiatives to expand access to care

Pharmacies

DIRECTIONAL

Policy implications



Increased leverage vis-à-vis distributors/PBMs



Lower reimbursement due to value-based care

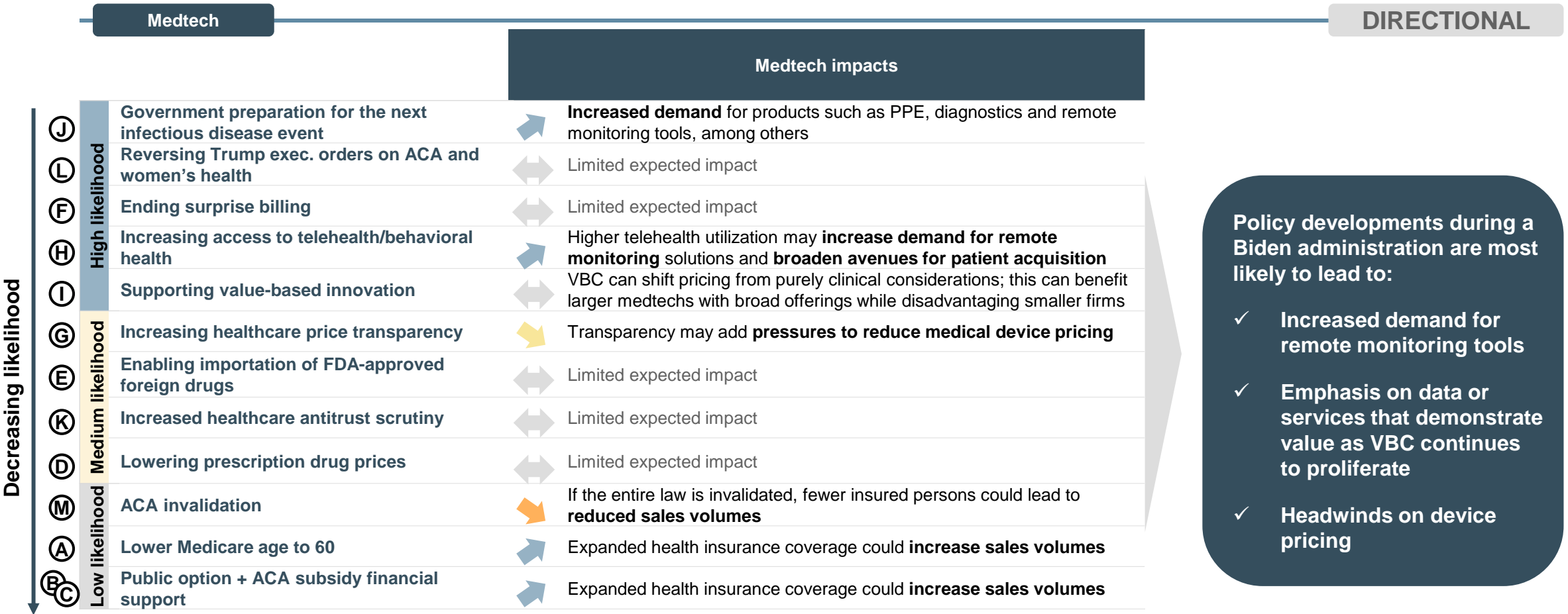


Expanded role of pharmacies in HC delivery

Strategic priorities

- ✓ **Identify opportunities for fairer generics reimbursement** as price transparency requirements provide greater visibility into PBM payment methodologies
- ✓ Counter lower per-prescription reimbursement through **tailored approaches to right-sizing revenue** (e.g., **front-of-store sales** growth, increasing **patient acquisition** in the community, expanding into **additional healthcare services**)
- ✓ **Double down on technological and personnel investments** as initiatives to expand care accessibility present opportunities for pharmacies

Under a Biden administration, initiatives to enhance pandemic readiness and telehealth access are expected to drive demand for remote monitoring solutions



Targeted expansion of remote monitoring and digital patient engagement tools can help medical device companies demonstrate value and acquire patients

Medtech

DIRECTIONAL

Policy implications



Increased demand for remote monitoring



Emphasis on data and services that support value-based care



Downward pressures on device pricing

Strategic priorities

- ✓ **Prioritize disease areas** in which to develop remote monitoring tools based on complication rates, total cost of care and retrospective analysis of procedure volumes during the COVID-19 pandemic
- ✓ **Leverage remote monitoring tools** to help providers collect information on outcomes and coordinate care
- ✓ **Develop digital patient engagement tools** to help educate patients, connect them with providers and enhance timing of procedures in order to reduce cost of care
- ✓ As value-based care upends traditional models for increasing prices (i.e., purely clinical outcomes), focus on **expanding patient acquisition** (e.g., via **digital patient engagement tools** and other mechanisms) to counter margin erosion with increased revenues

Healthcare IT stands to benefit from most policy outcomes over the next four years, particularly due to continued expansion of telehealth reimbursement

Healthcare IT

DIRECTIONAL

Healthcare IT impacts

		Healthcare IT impacts	
High likelihood	Ⓧ	Government preparation for the next infectious disease event	➔ Expanded role for healthcare IT in public health via tools that use de-identified patient information to trace virus transmission, testing, treatment
	Ⓛ	Reversing Trump exec. orders on ACA and women's health	➔ Support for individual marketplaces may expand opportunities for vendors that support digital sales in ACA marketplaces
	ⓕ	Ending surprise billing	➔ Providers may rely more on tools that explain pricing and assist with payment plans for procedures
	ⓗ	Increasing access to telehealth/behavioral health	➔ Permanent support for telehealth will lead to increased vendor revenue
	Ⓢ	Supporting value-based innovation	➔ Increases in healthcare IT utilization to help track costs and outcomes
Medium likelihood	ⓖ	Increasing healthcare price transparency	➔ Providers may need point of care tools that inform patients of insurance coverage/financial responsibility for procedures/services
	ⓔ	Enabling importation of FDA-approved foreign drugs	➔ Potential opportunity for healthcare IT vendors to play a role in tracking program administration and quality
	Ⓚ	Increased healthcare antitrust scrutiny	↔ Limited expected impact
Low likelihood	ⓓ	Lowering prescription drug prices	↔ Limited expected impact
	Ⓜ	ACA invalidation	➔ Reduced requirements to track quality and outcomes may reduce demand for healthcare IT , though these requirements span multiple laws
	ⓐ	Lower Medicare age to 60	➔ Increased health insurance coverage may increase healthcare utilization and reliance on health IT solutions (e.g., EHR, telehealth)
	ⓑ	Public option + ACA subsidy financial support	➔ Increased health insurance coverage may increase healthcare utilization and reliance on health IT solutions (e.g., EHR, telehealth)

Policy developments during a Biden administration are most likely to lead to:

- ✓ Significant and sustained increase in telehealth utilization
- ✓ Continued emphasis on tools that track cost, quality and outcomes
- ✓ Expanded role of healthcare IT in public health

Healthcare IT can seize on tailwinds by partnering with providers on telehealth and engaging government stakeholders on public health and VBC initiatives

Healthcare IT

DIRECTIONAL

Policy implications



Significant/sustained increase in telehealth utilization



Growing need to track cost, quality/outcomes



Expanded role of HCIT in public health

Strategic priorities

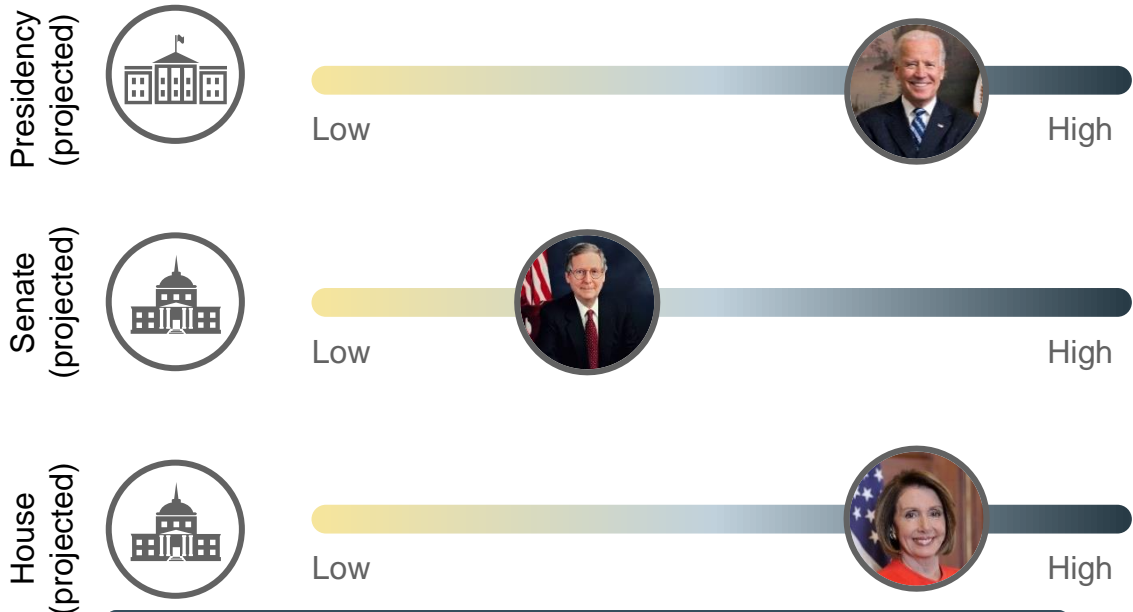
- ✓ **Develop partnerships with health systems** to develop telehealth offerings and gain access to rendering providers
- ✓ **Build security functionality to address patient privacy requirements**, which were waived in the height of the COVID-19 pandemic but may reemerge in the long term
- ✓ As multiple measures increase the need for price transparency (e.g., ending surprise billing, executive orders), **vendors should articulate the value of healthcare IT solutions** in helping patients and providers understand cost
- ✓ **Coordinate tool development with CMS/other federal agencies** to ensure healthcare IT tools can provide timely support to new value-based demonstrations
- ✓ **Engage federal, state and local governments** to provide support in tracking COVID-19 spread, testing and ultimate vaccination/treatment
- ✓ Leverage COVID-19 experience to **launch a longer-term dialogue with governments about the role of HCIT** in public health as future pandemic readiness plans are developed

To assess policy feasibility, we considered policy favorability in the White House and Congress and additional influencing factors

Illustrative assessment of feasibility for individual policies

Policy favorability

(by branch of government)



Additional influencing factors

(varies by policy)



Degree of lobbyist support/opposition

Medium support



Passable via executive order

Passable via exec. order



Passable via budget reconciliation

Not applicable



Potential influence of Supreme Court

Not applicable

Unlikely to pass through legislation

+

Passable via executive order

Medium likelihood to be implemented (via executive order)

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