



The social spending bill passed by the House spends billions on healthcare

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On Nov. 19, the House passed the 1,664-page Build Back Better Act with a 220-213 vote. One of the most extensive social spending bills in history, the administration and Democrats say it has a price tag totaling \$1.7 trillion. Other estimates put the figure anywhere between \$2.2 trillion and \$2.5 trillion.

The act is considered the most expansive healthcare expansion since the passage of the Affordable Care Act. Provisions of the bill include:

Expansion of marketplace subsidies

The bill would extend the American Rescue Plan's expansion from 2022 through 2025, permanently eliminate the income cap, and increase the advance premium tax credit, which is used to lower healthcare premiums.

The ACA stated individuals could only qualify for marketplace coverage if they had incomes between one and four times the federal level. The American Rescue Plan temporarily expanded this stipulation by removing the top income threshold and increasing the subsidies' value.

Decrease in prescription drug prices and spending

A new exemption would allow federal agencies to negotiate prices with drug companies for high-cost drugs that do not have a generic competitor.

The Medicare Part D program currently includes a "noninterference clause," which prevents the HHS secretary from negotiating with drug manufacturers and pharmacies. It also stipulates that the secretary can not require a particular price structure to reimburse drugs included in the Part D program.

It would take effect in 2025.

Medicaid coverage gap

Twelve states have not expanded Medicaid to adults with incomes under 138% of the poverty line. However, the Build Back Better Act allows individuals in these states to purchase subsidized coverage through the ACA marketplace until 2025.

Medicare hearing benefit

The coverage of hearing services would be added to Medicare Part B in 2023.

Medicare does not currently cover hearing services outside of cochlear implants.

Medicare Part D restructuring

A hard cap on out-of-pocket spending will get set at \$2,000 in 2024 with the ability to increase yearly based on the rate of increase in per capita Part D cost, taking effect in 2024. It also decreases beneficiaries' and Medicare's share of total expenses starting in 2025.

Beneficiaries' share of total drug costs will not be below the cap on out-of-pocket spending, from 25% to 23%, and Medicare's share of total cost above the spending cap from 80% to 20% for brand-name drugs and 40% for generic drugs.

Postpartum care

Medicaid will require states to extend coverage for postpartum care from 60 days, as is currently mandated, to 12 months. It will take effect on April 1, 2022, and last for five years.

For many, the passage of the Build Back Better Act is a positive for the healthcare system.

"One of the important elements of the healthcare side [of the Build Back Better Act] is that it would help make meaningful progress towards covering the uninsured through two important provisions: the Medicaid coverage gap extension through 2025 and extension on the improvements in premium tax credits for those who buy in the marketplace through to 2025, which would have otherwise expired on 2022," said Sarah Lueck, vice president for health policy at the Center on Budget and Policy Priorities.

"[The] ACA expanded Medicaid, and most states adopted that expansion, except for 12 states. So, for folks who are under the federal poverty line and live in those Medicaid gap states, they don't have options for affordable coverage."

Lueck also said the ACA made significant progress toward allowing individuals to access insurance in the marketplace through affordability, citing that those who are uninsured reference cost as the reason they don't have coverage. While she applauded the Build Back Better Act, she said the Center on Budget and Policy Priorities pushed to make these changes permanent. "Short-term fixes don't fix long-term problems. Having these years of assistance and a new pathway to coverage for Medicaid, which hasn't existed, is a huge advance that will help millions of people. The longer we can make these changes, the more we can impact lives for the better."

The center's recent paper outlines how the Build Back Better Act would make meaningful progress in covering millions who lack coverage.

Alternatively, Michael Cannon, director of health policy studies at the Cato Institute, disagreed with the praise provided by the center.

"The Build Back Better Act would not build a better healthcare system so much as try to hold the current system together with duct tape," he said.

"It would make the most expensive healthcare sector in the world even more expensive. It would hide the skyrocketing cost of Obamacare premiums by giving \$10,000 subsidies to high-income families making more than \$200,000 per year and giving \$10 billion to states to hide those premiums further. It would give billions in healthcare subsidies to Republican states, subsidies that Congress would inevitably expand to all states. The bill would do nothing to reduce the cost of healthcare or to reverse the negative impact Medicare and Obamacare have on quality."

The Senate will now consider the legislation, which is likely to face more vigorous opposition — notably by West Virginia Sen. Joe Manchin, who said the price tag is too hefty.

Executive Director of the Cardinal Institute for West Virginia Policy Garrett Ballengee said the plan is alarming.

"The provisions in the Build Back Better Act continue to expand the government's role in healthcare under the guise of protection for the uninsured. In reality, the plan makes significant strides towards a single-payer system that will only increase cost and limit competition, making affordability and quality an unreachable aspiration of the healthcare we hope to achieve," he said.

All three of West Virginia's representatives voted against the passage of the Build Back Better Act.