

Jeff Bernhard:

Hi, I'm Jeff Bernhard, president of commercial markets at Highmark. Welcome back to season two of Hitting a Higher Mark. Today we're going to be discussing the changes of the political healthcare landscape following the inauguration here of the new president, Joe Biden, and the most recent change in power within the Senate. We have a very special guest here today to expand on this model. And I've been in this business for a long time, and I'd like to welcome Mike Warfield. Mike is the vice president of government affairs at Highmark Health. And like I said, I've been in the business a long time, and Mike is one of the best people I know. He has insight, not just on local affairs, but also what's going on from a federal perspective. Mike, thanks for joining me.

Mike Warfel:

Thank you, Jeff. Appreciate the invitation and I look forward to the conversation.

Jeff Bernhard:

Yeah, certainly a timely discussion, even though ... since obviously the power in the Senate just changed, even though we'll probably be displaying this a few weeks from now. So let's start off with a pretty simple question, which I think is relatively simple. As the pandemic certainly hits an all time high, the COVID-19 pandemic, can we expect to see anything any different as it relates to the approach to testing, contact tracing, and the vaccinations?

Mike Warfel:

You know, Jess, I think this is a great question to start with, because president elect Biden has been very clear since he was elected in November, that his number one priority as he approaches his new role as the president, come January 20th, is going to be getting our arms around the global pandemic. I would expect that you're going to see a very robust legislative and regulatory approach. I would anticipate that he's going to be very interested in making sure that states have appropriate resources to administer the distribution of the vaccines generally. Because of your role, you know how our clients are attempting to get in the queue. And we all know, I think most Americans recognize that if we're going to return to some sense of normalcy, the deployment of the vaccine for all those interested in getting it is going to be job one. So the president elect is going to be focused on that.

Mike Warfel:

I would expect you'll see additional resources for testing. We still are having some challenges in some parts of the countries, even in the state here, which, Jeff, you and I reside. On some occasions, it is challenging to get a test. And then once you get it, getting the results back in a timely fashion. It could take four, five, six days, or longer. And then lastly, I would expect that as the vaccine is being manufactured, it's being deployed to the states, depending on how long that all takes to sync up, we may need more financial assistance for small businesses, for individuals who have been displaced. I mean, we have 12 million people who are out of a job because of the lockdowns, which I understand, to hold the spread, to stop the spread. I certainly get all of that. So finally, I think, as I said, president elect Biden is going to be singularly focused with this new Congress about doing whatever is possible by the federal government to assist the states and ultimately their citizens get their arms around this global pandemic.

Jeff Bernhard:

Thank you. Let's talk about the Affordable Care Act as we know it today. How will that be affected moving forward under a new administration?

Mike Warfel:

Yeah, so vice president Biden, when he was the vice-president with president Obama, obviously was intimately involved with the Congress when the Affordable Care Act was enacted during the Obama administration. So I think it's very safe for us to say, Jeff, that the new president, president elect Biden is going to be very focused on not only preserving the Affordable Care Act, which has matured over time, and Highmark is proud to have been a part of the Affordable Care Act at its inception, and we still are providing coverage across our markets. But I think that you will see president Biden working with this new Congress to enhance the Affordable Care Act. So what do I mean by that? Well, I think first and foremost, you know that affordability, if you don't qualify for a subsidy, Jeff, it's very expensive in some markets to get access to the Affordable Care Act.

Mike Warfel:

So I would anticipate that president Biden is going to come forward with the Congress looking for additional subsidies, maybe even for those folks who don't qualify for subsidy today who are paying it at cost. We also need to be mindful that the US Supreme Court heard oral arguments in November of a case in Texas, which has made its way up through the appellate court, which is challenging the constitutionality of the Affordable Care Act and calling into question the zeroing out by the Congress in December of 2017, the zeroing out of that individual mandate. That case was heard by the Supreme Court and we anticipate that they will render a decision by June of 2021, so within six months. I would anticipate that if for some reason the court majority would decide to find that law unconstitutional, president elect Biden and this new Congress will do everything they can to make sure that that will be restored. So I would expect the president to embrace the Affordable Care Act and enhance it, promote it for the benefit of all Americans.

Jeff Bernhard:

Thanks, Mike. Let's talk about prescription drugs. The current administration has tried to get their arms around the increase in cost of prescription drugs. What do you think the new administration might do to tackle that issue?

Mike Warfel:

The rising cost of prescription drugs, Jeff, as you know as we meet with our clients, is one of our biggest challenges. We all want access to these world-class drugs. And I think, frankly, we need to step back and just pause for a moment and acknowledge the tremendous work that the drug manufacturers working with government funding have done to develop these vaccines in record time. And so we as Americans acknowledge that part of the drug cost is the R&D. But the question that the Congress and this new president, president elect Biden are going to be focused on, as former presidents and Congress have, is what's the appropriate price to pay for a drug? And so that balancing act has been something that the Congress has wrestled with. The Trump administration has been no different in promoting efforts to limit the cost of drugs, and specifically ... so the president, you may recall, he issued an executive order where prescription drug manufacturers, we have to actually host or list the price of a drug in a direct to consumer advertisement.

Mike Warfel:

That was one regulatory actions he took to hopefully get the manufacturers to think twice about that drug pricing. The manufacturers went to court and the courts found that that was inappropriate and they simply ordered that that regulation had to be removed. So I think president Trump has tried through rulemaking to get his arms around the price of drugs, but ultimately I think it's the Congress who will have the last say in really managing the costs of drugs. President elect Biden has said in his healthcare reform plank that he is looking to get the specific right for the federal government to negotiate the price of drugs, particularly for Medicare part D. Jeff, as you know, it's a huge expenditure for the benefit of seniors. And so I would anticipate that will be something that he, with the new Democrat controlled Congress in both the House and now the Senate is something that they may try to pursue. And we'll see how that all plays out, but certainly the rising cost of drugs is going to be a focus for this administration as we produce.

Jeff Bernhard:

Yeah. Thanks, Mike. As you talked about, this decision will ultimately probably be decided in Congress around prescription drugs. Again, with a Senate and now House with the democratic party having the majority, what other healthcare issues do you anticipate may be taken up in Congress now that the democratic party has the majority?

Mike Warfel:

Yeah, so I've already mentioned, Jeff, that I would anticipate the president elect is going to look to expand opportunities for people to access the Affordable Care Act. I wouldn't be surprised if he encourages those remaining states, I think there are 11 or 12, who still haven't expanded access to Medicaid. So I would anticipate that. I think, as I already mentioned, we're going to see more coronavirus relief, the school relief. And as I mentioned, I think that you will see a formal effort undertaken by the new incoming administration to address the cost of drugs through Medicare negotiation.

Jeff Bernhard:

Thanks. And the last topic I want to get your opinion on is balanced bills. I think all of us in our lifetime have been hit with a balanced bill from a hospital or other medical facility. Congress recently passed legislation to protect consumers around balanced billing. So what impact do you think this will have, and when you anticipated going into effect?

Mike Warfel:

It's a great question. So I think both state legislatures and the Congress for a number of years have tried to put in place some kind of guard rails, if you will, on the cost ... when you say surprise billing or [crosstalk 00:10:41], balanced bills, et cetera. And so you're right, the legislation that was signed by the president in December is going to eliminate surprise bills, if you will, for consumers as of 1/1/2022, so a year from now. We at Highmark, and providers, payers across the country are going to have to navigate the various internal operationalizations that will be required to effectuate this.

Mike Warfel:

But I think for consumers, if they are in an emergency room, and for some reason their payer doesn't have a contractual rate for that emergency room visit, or if they have an elective surgery and some provider in that continuum of care is out of network, they get a surprise bill, something they didn't expect. So this legislation is very pro-consumer in that it takes the consumer out in the middle of this.

The resolution to the payment is going to be dependent on the payer and provider negotiating some kind of reimbursement. And if they can't, it will go to a third party arbitrator to make that decision for them. It's based also on the patient. So they'll take into consideration the market rates in the area, et cetera, but long story short, it's a bill that actually will bring some clarity for consumers. Long needed.

Jeff Bernhard:

Yeah, totally agree. Mike, I want to thank you for joining us today, and I want to thank those that are watching this for joining us to learn more about the potential changes in our political healthcare landscape under this new administration. To listen to an extended version of this interview, you can visit us on this link that we're showing on the screen right now. And I want you also to stay tuned to this channel, bookmark it, and make sure that you stay tuned to our upcoming episodes here in season two as we explore the value of some of the integrated offerings at Highmark, and probably other carriers offering much means offering pharmacy, dental, and medical altogether. We'll get an update on the COVID-19 pandemic, and we'll also learn exciting news about our newly announced living health model and much more. So I'm Jeff Bernhard. Thanks for listening to Hitting a Higher Mark.

Jeff Bernhard:

Oh, I got to say it then? Okay. Okay, sure. Mike, thanks for joining us today. And I want to thank all of our viewers for watching us or listening to us about this episode and the changes that are occurring on our political healthcare landscape under a new administration. To listen to an extended video version of this interview, please visit us at youtube.com/HighmarkInc. The link will be also in the description box of the show. So stay tuned for some additional season ... let me start again. Stay tuned for some upcoming episodes in season two of Hitting a Higher Mark, as we explore the value of integrated offerings, we'll give you an update on the COVID-19 pandemic, and we'll learn more exciting news about our newly launched living health model. So I'm Jeff Bernhard and thank you for listening to Hitting the Higher Mark.