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BioMarketing Insight



March 15, 2017

Dear Regina,

Welcome to BioMarketing Insight's monthly newsletter.

We have a new look to our newsletter. Love to receive your [feedback](#).

Last month I covered "Why the Spine Market is Growing so Rapidly, and What is Needed to be Successful in a Fiercely Competitive Market." If you missed last month's article, click [here](#) to read it. This month's newsletter will cover, Trumpcare vs. Obamacare - Repeal and Replace.

Read on to learn more about this topic and other current news. The next newsletter will be published in the new year on April 15th, 2017.

We encourage you to share this newsletter with your colleagues by using the social

Please email [me](#), Regina Au, if you have any questions, comments, or suggestions.

Sincerely,
Regina Au
Principal, New Product Planning/
Strategic Commercial Consultant
[BioMarketing Insight](#)

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Table of Contents

[Developing a Product? Commercializing a Product?](#)
[Immunooncology: Can the Right Chimeric Antigen Receptors T-Cell Design Be Made to Cure All Types of Cancers and Will It Be Covered?](#)
[Save the Date: 5th Annual Medical Informatics World Conference - May 22-23, 2017](#)
[Trumpcare vs. Obamacare - Repeal and Replace](#)
[Closing Thoughts](#)
[Previous Newsletters](#)

[Join my mailing list](#)



Developing a Product? Commercializing a Product?

If you are developing a product and have not conducted the business due diligence to determine commercial viability or success, contact [me](#) for an appointment. For successful commercial adoption of your product or looking to grow your business, contact [me](#) for an appointment.

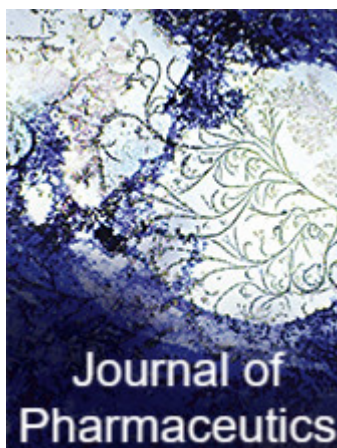
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[Product Development](#)

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[Marketing Strategies](#)

[Top](#)



Immunooncology: Can the Right Chimeric Antigen Receptors T-Cell

I am pleased to announce that my article on "Immunooncology: Can the Right Chimeric Antigen Receptors T-Cell (CAR-T) Design Be Made to Cure All Types of Cancers and Will It Be Covered?" has been published in Journal of Pharmaceutics. This article reviews the mechanism, design and administration of CAR-T cells, and whether payers will pay for this new technology. To read the article, click [here](#).

[Top](#)



Save the Date: 5th Annual Medical Informatics World Conference - May 22-23, 2017

I am pleased to announce that I will chair the [opening session](#), Perspective: Large Medical Centers in the Telehealth Integration and Implementation Track on Monday May 22, 2017 at 10:55 AM right after the Keynote Speakers.

I will also moderate a [breakout discussion](#) group on Monday afternoon entitled "Improving Health and Reducing Costs Through Traditional and Innovative Approaches to Coordinated Care and Patient Engagement."

Please join me at the Medical Informatics World conference as this event has become the critical meeting place for health IT executives and innovators, delivering the knowledge-sharing needed to continue improving patient care and outcomes. Click [here](#) to learn more about the conference. As my guest, you will receive a \$200 discount off the registration fee with the key code "HITSPK1" when registering for this event. Offer is valid on new registrations and does not apply to workshop registration. To register, click [here](#).

[Top](#)



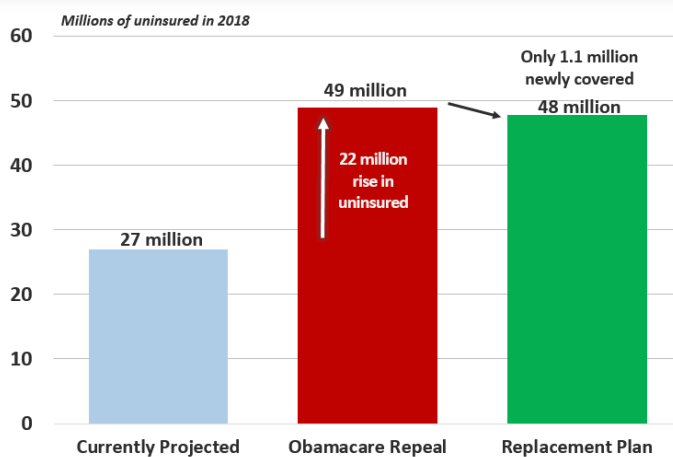
Trumpcare vs. Obamacare - Repeal and Replace

During the presidential election, Trump vowed to repeal and replace Obamacare. His [seven point](#) healthcare reform, which mainly follows the Republican party, is listed below, along with opposition viewpoints:

- Obamacare will be fully repealed, including the mandate requiring everyone to have coverage.

Opposition: To completely repeal “Obamacare,” which means repealing the Affordable Care Act’s regulations, subsidies, Medicaid expansion, Medicare savings and tax increases, would cost nearly [\\$550 billion](#) over ten years under conventional scoring and about \$330 billion with dynamic scoring because of the cost savings already incurred with Obamacare (see itemized cost in reference).

Uninsured Almost Double Under TrumpCare



Source: CRFB calculations based on Congressional Budget Office estimates of the coverage estimates of the elements of Trump’s plan.

CRFB.org



“The greatest impact is loss of health insurance coverage for about [20 million Americans](#), who gained it through Obamacare.” The plan would only cover about [5% of individuals](#), who would lose coverage with an Obamacare repeal.

- Allow health insurance to be sold across state lines.

Opposition: [Skeptics](#) fear that this could lead to predatory benefits caps that could lead to people with chronic illnesses becoming uninsured again.

make people more conscious of how they spend health dollars, resulting in reduced costs. A proposal for a tax deduction on healthcare premiums.

Opposition: A deduction for healthcare premiums is already in place and found on IRS Form 1040 Schedule A. Proposing a [tax deduction](#) rather than a refundable tax credit limits help by reducing the taxes people owe, rather than allowing for the possibility of actually getting money back in a refund.

- Turn the Medicaid program into block grants given to the states.

Opposition: At present, the subsidies are filtered through the national health insurance system, Medicaid, but with numerous regulations and conditions on how individual states may run programs. Trump has proposed replacing this system with one in which individual states get a block grant, which could simply run out of money if there are [too many claimants](#).

Instituting a [block program](#) would leave an additional 25 million citizens without insurance, and allowing insurers to sell across state lines – currently not permitted as each state has its own insurance guidelines – would maroon another 17.5 million by depriving them of Medicaid subsidies.

- Prescription drugs -Trump's plan calls for allowing drugs to be imported from overseas, to increase competition and drive down prices.

Opposition: The industry is already battling the import of fraudulent drugs from overseas that could potentially harm people if dosage schedules are not stringently followed, or the imports do not comply with U.S. regulatory standards for safety and efficacy. This plan would only make this situation worse.

- Allow Medicare to negotiate drug prices.

Opposition: Current U.S. law prohibits negotiations. Medicare has already negotiated prices with drug companies, as companies are required to give Medicare the lowest price offered, and this does not include rebates. To have a team negotiate price, "It wouldn't be simple," said [Don Berwick](#), who was the Centers for Medicare and Medicaid administrator in 2010 and 2011. To cite one example, "CMS would have to have a formulary, like the insurance companies, so it could steer beneficiaries to a cheaper alternative if need be," Berwick said. They would have to hire more people, which drives up costs, rather than reducing costs.

- Need for mental health reform - no details were given.

In general, congressional Republican plans to replace Obamacare involve trying to constrain costs by reducing government requirements, such as the medical services that must be provided under health plans sold through the law's marketplaces and through

House Speaker [Paul Ryan](#), R-Wis., and other Republicans, have been discussing ways to provide “universal access” to health insurance, instead of universal insurance coverage. Trump originally wanted a single-payer healthcare system, which was opposed by Republicans and motivated Trump to pivot his plan into "[free market principles](#)."

Republicans have long slammed Obamacare, claiming its high premiums and deductibles leave enrollees feeling like they don't have insurance. They have vowed to lower health insurance costs, primarily by lifting Obamacare's regulations that require carriers to provide comprehensive benefits (e.g., mandates of yearly physicals, women's health, etc.).

Ryan and Tom Price, Secretary of Health and Human Services, have unveiled frameworks for replacement plans that rely on tax credits based on enrollees' age, not income. However, health policy [experts](#) have said those credits will have to be generous in order to make coverage affordable. And that could run afoul of Republicans' promise to lower federal spending on health care.

Earlier this year, Trump met with a number of CEOs from Big Pharma to discuss lowering the cost of drugs. His original proposal was the following:

1. Negotiate prices with Medicare - see comments above
2. Overhaul the FDA approval process, to bring drugs to market faster. Trump expressed a willingness to approve some drugs before they've been proven safe, a big departure from the [FDA's current practices](#). Pharma opposes this.
3. Allow more medications to be imported from other countries - see comments above
4. Bring manufacturing jobs back to the U.S. - very difficult due to the high cost of labor and equipment.

After meeting with the pharma executives behind closed doors, he [decided against](#) his original proposal. A number of pharmaceutical executives at the JP Morgan Annual Healthcare and Investors Conference in San Francisco have pledged to not raise prices more than 10% as a way to keep costs in check.

When Trump was elected, unfortunately, he had neither political experience nor healthcare experience to help him better understand how to repeal or repair Obamacare. He does not know how to advance a plan through the political process. Congress is looking for a plan and he has no plan, just sweeping statements on what he wants, “lower numbers, [much lower deductibles](#)” which he seems to retract, depending on his mood and opposition.

As of March 7, 2017, these are the highlights of the [House GOP health care legislation](#).

from an insurer and the more than 70 million covered by Medicaid, the federal-state program for low-income people.

Here's a look at some of the major components:

PRIVATE HEALTH INSURANCE

1) Provides tax credits for people purchasing their own health insurance. The subsidies would be keyed primarily to age, and they would rise as people get older. Financial assistance would be phased out for individuals making more than \$75,000 and married couples earning more than \$150,000. Subsidies could be used to buy any plan approved by a state.

2) Eliminates the cost-sharing subsidies in Obama's Affordable Care Act that helped people with modest incomes meet the costs of insurance deductibles and copayments. States, however, would have the option to provide similar assistance with federal financing.

3) Greatly expands contributions to health savings accounts, which allow people with high-deductible insurance to cover expenses that their plans don't pay for.

4) Protects people with pre-existing health problems from being denied coverage. However, consumers must maintain continuous coverage — otherwise, they would face a flat 30% surcharge on top of their premiums. States could use federal money to create high-risk pools as insurers of last resort.

5) Preserves ACA provision that allows young adults to stay on parental coverage until age 26.

6) Allows insurers to charge their oldest customers up to 5 times what they charge young adults. The ACA limits that to 3 times.

7) Prohibits use of tax credits to purchase any plan that covers elective abortions. Currently, if a health plan covers abortions it must collect a separate premium to pay for such procedures.

MEDICAID

1) Maintains the ACA's higher federal financing for expanded Medicaid through the end of 2019. After that, states can only continue to receive enhanced federal payments for beneficiaries already covered by the expansion, which has mainly helped low-income adults with no children living at home. But for newly enrolled beneficiaries, the federal government would provide a lower level of financing.

That federal payment would be increased according to a government measure of medical inflation.

3) Imposes a one-year funding freeze on Planned Parenthood, a major provider of women's health services, including abortion.

PENALTIES & TAXES

1) Repeals the ACA's tax penalties on people who remain uninsured and on larger employers who do not offer coverage. The repeal is retroactive to 2016.

2) Repeals the ACA's taxes on upper-income earners, investors, health insurance plans and medical device manufacturers. Repeals 10% sales tax on indoor tanning.

COVERAGE

3) Expected to cover fewer people than the Obama-era law, but final estimates are not yet available from the Congressional Budget Office.

[Top](#)



Closing Thoughts

The healthcare system is a very complicated process and costs will inevitably increase as people live longer and require more care as we do. Our elderly, chronically ill, very poor (Medicaid) and in recent years also the lower half of the middle class, frequently fall through the cracks, sometimes with tragic consequences.

In the new plan, there are a number of things I don't agree with here. However, due to

#1 - tax credit instead of refund. Since the individual is paying the full premium instead of a contribution if they were employed, this refund would help tremendously and in states where the cost of living is high, the limit should be higher.

#2 - eliminating cost-sharing subsidies and replacing them with Medicaid block grants may limit the number of people that will receive subsidies, potentially causing 25 million in the country to lose health insurance.

#6 - the ability to surcharge the elderly at 5 times (as oppose to 3 times) the insurance premium rate charged to the young is unaffordable for the elderly who have limited incomes. However, applying the rate increase evenly across the elderly maybe more affordable.

#7 - prohibiting the use of tax credits to purchase any plan that covers elective abortions. The cost of care during pregnancy and raising an unwanted child is more of a burden and cost to society than an abortion. There should be other methods to address this.

Those who purchase individual insurance are usually unemployed, underemployed, self-employed or elderly (Medicare only covers 80% of expenses) and in my opinion, they need the most help to cover their usually steep costs. Limiting subsidies to curb the high cost of insurance is not going to help these Americans to obtain necessary healthcare.

If you go along with the idea that the healthy will pay for the sick, in effect sharing the cost, then I wonder if you agree that the insurance companies might help the process by applying some out-of-the-box thinking to how they calculate insurance premiums. Currently, they calculate premiums based on benefits paid out in medical expenses for that year per plan and then by the number of people in that plan (there are too many different plans, as I see it) and then factor in age, occupation, location, etc.

Instead, I recommend that premiums be calculated by the whole pool of people insured in each state. By calculating the total benefits cost that the insurance company paid out for medical expenses, divided by the total number of people the company insured, including those with insurance through an employer, equals the premiums base (this calculation will reveal the average benefit paid to each insured person, no matter if they bought it independently or through their company plan and that should be instructive in setting a more balanced premium rate for everyone the insurance company insures) paid by all in sharing the cost. Then factor in plan coverage but the difference between the lowest and highest premium rates should be a small percentage. Now I realize it's not

disproportionate, but I suggest that we need to start thinking along these lines in sharing costs.

While Obama/Trumpcare may not affect you today, it may in the future or someone you know, one way or another. We will all eventually be on Medicare and don't assume that Medicaid is just for the poor and uneducated as sometimes good people fall on hard times and need help before they can get back on their feet. It pays to keep abreast of our current healthcare system and as people have rallied about the immigration ban, I think we all should rally about the healthcare system and insist that good healthcare is necessary for all.

[Top](#)

Should you have any questions or need of assistance with your business due diligence, determining your product's value proposition and economic value of your product, feel free to contact me at 781-935-1462 or regina@biomarketinginsight.com.

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