WARNER

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COMPLIANCE CHRONICLE

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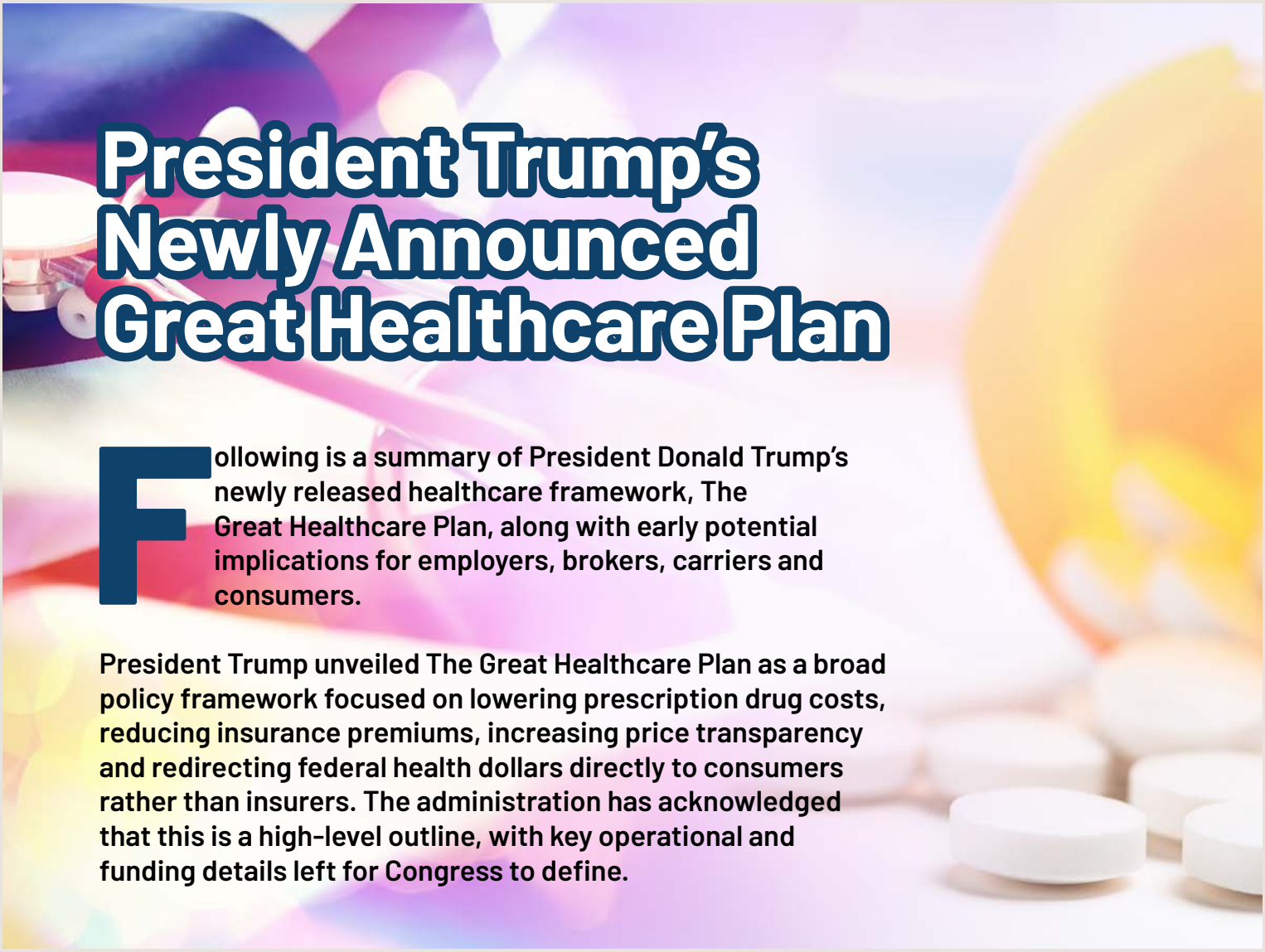
Navigating the ever-evolving landscape of compliance can be challenging and time-consuming. Warner Pacific is happy to share monthly updates to help your organization stay informed about new requirements and minimize compliance risks. Let us handle the complexities, so you can focus on what matters most — your business.



President Trump's Newly Announced Great Healthcare Plan

Following is a summary of President Donald Trump's newly released healthcare framework, The Great Healthcare Plan, along with early potential implications for employers, brokers, carriers and consumers.

President Trump unveiled The Great Healthcare Plan as a broad policy framework focused on lowering prescription drug costs, reducing insurance premiums, increasing price transparency and redirecting federal health dollars directly to consumers rather than insurers. The administration has acknowledged that this is a high-level outline, with key operational and funding details left for Congress to define.

Key Components

1 Prescription Drug Price Reforms

- Codifies Trump's Most Favored Nation pricing model, requiring new U.S. drug prices to match the lowest costs in comparable countries.
- Builds on existing voluntary drug-maker agreements through Health and Human Services/Centers for Medicare & Medicaid Services.
- Expands access to safe over-the-counter drugs, intended to increase competition and reduce consumer and insurer costs.

Implications: Lower drug costs may indirectly reduce employer plan spend; however, long-term effects depend on congressional action and industry compliance.

2 Redirection of Federal Subsidy Dollars to Individuals

- The plan declines to restore enhanced ACA subsidies and instead proposes sending federal health funds directly to eligible individuals.
- Funds may flow through Health Savings Accounts (HSAs), though no mechanism or eligibility rules have been defined.

Implications: Potential shift away from marketplace subsidies may increase uninsured rates or push more individuals toward employer plans, Medicaid, or short-term coverage options, depending on final congressional design.

3 Insurance Premium Reduction Measures

- Ends "extra" subsidy payments to insurance carriers and redirects funds to consumers.
- Fully funds cost-sharing reductions (CSRs) within the ACA, which could reduce silver-tier plan premiums by 10% or more, per CBO projections.
- Eliminates pharmacy benefit manager (PBM) rebates and kickbacks, which the administration argues contribute to premium inflation.

Implications: CSR funding could stabilize marketplace premiums, particularly in the silver tier. However, removing carrier-directed subsidies and PBM revenue streams may introduce new actuarial and pricing volatility.

4 Transparency & Accountability Requirements

- Establishes a "Plain English" insurance standard mandating clear posting of profits, denial rates and coverage structure.
- Requires hospitals and physicians accepting Medicare/Medicaid to post all prices publicly to enable consumer comparison shopping.

Implications: Carriers and providers will face increased compliance and reporting requirements. Employers and brokers may benefit from improved pricing visibility and leverage in plan-design discussions.

Relationship to the Affordable Care Act (ACA)

The Great Healthcare Plan

- Does not repeal the ACA
- Does not support reinstating enhanced ACA subsidies that temporarily expanded affordability.
- Coincides with bipartisan congressional negotiations to extend ACA subsidies, though Senate approval remains uncertain.

Implications: Ongoing legislative uncertainty could lead to market instability in 2026. Individuals facing premium increases may seek alternative coverage options, including employer plans, short-term coverage, or health-sharing arrangements, while many may become uninsured.

Stakeholder Impact

Employers

- Potential increased enrollment pressure if ACA coverage becomes less affordable
- Possible long-term cost relief from prescription drug reforms

Brokers

- Increased demand for consultative guidance amid funding and coverage changes
- Opportunity to expand HSA-based and alternative-plan strategies if Congress adopts consumer-directed funding models

Carriers

- Significant operational changes required to comply with transparency mandates
- Potential loss of federal revenue tied to existing subsidy structures

Consumers

- Greater control over healthcare dollars, but increased responsibility and complexity
- Higher exposure to premium volatility and plan-selection risk

Key Risks to Monitor

1. **Market destabilization if subsidies shift to consumers too rapidly**
2. **Regulatory uncertainty due to lack of implementation detail**
3. **Political volatility as Congress debates subsidy restoration**
4. **Coverage gaps for individuals with chronic conditions or low health literacy**

The Continuing Appropriations Act, 2026 (CAA 2026)

The House passed the Continuing Appropriations Act, 2026 (i.e., H.R. 7148) and related spending bills to fund the federal government, including the Department of Health and Human Services (HHS) and public health programs, through the fiscal year.

These appropriations bills provide baseline funding for programs and agencies.

Key FY 2026 Funding Points

- They allocate discretionary subsidies and operations for public health programs and HHS, typically maintaining or modestly adjusting existing funding levels.
- They generally **do not implement Trump's specific Great Healthcare Plan provisions** (like the Most-Favored-Nation pricing codification, subsidy redirection to individuals, PBM kickback elimination, or new transparency requirements).
- House appropriators in 2025 tied funding bills rhetorically to "Making America Healthy Again," trimming some programs and supporting initiatives they see as aligned with Trump's priorities (i.e., rural health investments like the MAHA initiative).

How The Great Healthcare Plan & CAA 2026 Relate (or Don't)

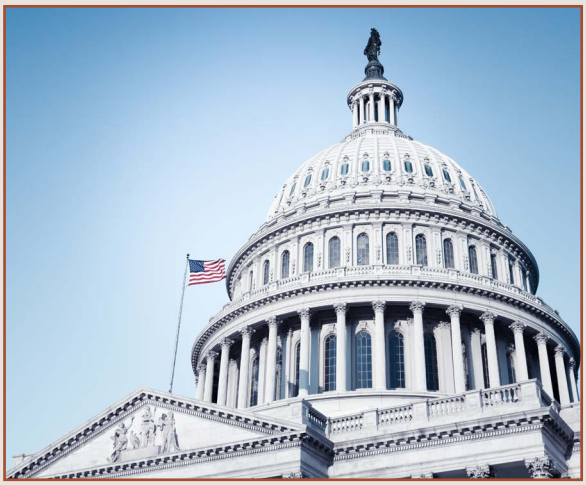
- The CAA 2026 does not enact President Trump's Great Healthcare Plan. It funds agencies and programs. It does not enact the broad structural reforms proposed.
- The CAA 2026 has the same impact as other bills. Other major reform could happen as stand-alone policy or be combined with other measures.
- Priorities (i.e., rural health investments like the MAHA initiative).

Potential Future Overlap

The Trump Administration and Republican members of Congress could try to attach elements of the Great Healthcare Plan, especially drug pricing reforms or subsidy changes, to future budget reconciliation bills or stand-alone legislative packages.

Bottom Line

- CAA 2026 is about financing government operations, including HHS, not about passing Trump's healthcare policy agenda directly.
- The Great Healthcare Plan is a policy proposal/agenda the president wants Congress to turn into law; it isn't yet and may never be enacted.
- Any eventual impact of President Trump's plan would require future legislative action.



Employer vs. Medicare Health Policy Provisions in the Continuing Appropriations Act, 2026

Category	Employer Related Provisions	Medicare Related Provisions
PBM Compensation & Rebate Reform	Full rebate pass through to employer plan sponsors, increasing transparency and reducing rebate-driven distortions.	Delinking PBM compensation from drug list prices in Part D, shifting PBMs to service-based fees.
PBM Pricing Practices	Ban on spread-pricing (Medicaid model influences employer market norms).	Spread-pricing reforms and transparency expectations influence future Medicare PBM oversight.
Pharmacy Network Access	CMS tools will track pharmacy payment trends; essential retail pharmacy designation supports broader access for employees.	CMS network oversight strengthens access for Medicare beneficiaries, including rural and independent pharmacies.
PBM Transparency Requirements	Employers benefit from clearer PBM rebate flows, drug spend reporting, and reduced black box pricing.	Part D plans gain visibility into PBM manufacturer discounts and PBM pricing structures.
Telehealth	Telehealth extensions in Medicare reinforce greater use of virtual care in employer benefits.	Medicare telehealth flexibilities extended through 2026–2027, protecting access for seniors.
Hospital-at-Home Expansion	Supports employer plan cost control through reduced in-patient utilization and expanded home-based care options.	Medicare hospital-at-home program extended through FY 2030 (and to 2029 via Continuing Resolution).

Employer vs. Medicare Health Policy Provisions in the Continuing Appropriations Act, 2026 — *continued...*

Community Health Centers	Increased CHC funding improves access for working families in underserved areas, potentially reducing employer plan costs.	CHCs also serve Medicare populations, expanding primary care access and reducing acute care burden.
Early Detection / Cancer Screening	Employers may consider aligning coverage with broad uptake of MCED testing.	Medicare coverage for MCED tests through 2029.
Rural & Hospital Stability	Rural system stability benefits employers with dispersed workforces.	One-year extensions of MDH and low-volume hospital programs support rural Medicare populations.
Safety Net Protections	Stabilizes community hospitals used by employees in low-income regions via Disproportionate Share Hospital (DSH) delay.	Medicaid DSH cuts delayed to 2027/2028, protecting safety net hospitals heavily serving Medicare patients.
Physician Payment	Helps maintain local provider access for employer plans.	2.5% Medicare Physician Fee Schedule increase for 2025 averts major cuts.
Drug Patent Reform	Patent thicket crackdown may reduce long-term drug costs for employer plans.	Increased generic entry also reduces future Medicare drug-spending pressures.
Outpatient Billing Transparency	Indirect employer benefit via reduced cost shifting from hospital pricing strategies.	Requires unique identifiers for off-campus outpatient departments, improving billing transparency.
Regulatory Oversight of PBMs	Employers see downstream benefits from stronger CMS enforcement and oversight trends.	CMS receives $188M to build and enforce PBM regulatory authority.
Implementation Timeline	Some PBM reforms will shift employer contracting practices significantly as they phase in (notably by 2028).	Medicare PBM reforms (particularly rebate restrictions) have major changes beginning 2028 and beyond.

Access essential resources here to navigate healthcare compliance and government affairs, positioning you and your clients for success.

Information sourced from news and White House materials released 1/15/26.