

# Q&A

We look forward to speaking with you again soon about how 2025 trends will impact your business. Here is our take on select audience questions from this year's Outlook webinar.

## What can we expect in the first 100 days of the Trump administration? The first six months?

The Trump administration will immediately be taking the reins for Year 2 of the Medicare Drug Price Negotiation Program. Manufacturers of the next 15 selected drugs must sign agreements with CMS by February 28 and submit their data packages by March 1. Stakeholders will be watching closely to see how the new administration approaches this Year 2 negotiation period and whether CMS tries to drive steeper discounts for selected drugs, or acknowledge stakeholder concerns about potential unintended consequences of the program. Stakeholders will also be watching for the initial IPAY 2028 guidance expected this spring that will address selection of Part B drugs for the first time.

The new administration will also be working with the Republican-controlled Congress to advance a reconciliation bill in the first half of 2025. While this bill is expected to address priorities such as tax reform, it is

expected that health policy will likely be implicated as a potential way to offset the cost of new spending on other priorities. Policies such as Medicaid reforms and incremental IRA reforms have already been floated as part of these discussions.

## What are lessons learned in IPAY 2026 that manufacturers can carry into the next year and future cycles of the Medicare Drug Price Negotiation Program?

Year 1 was a learning experience for both CMS and manufacturers of selected drugs. We have already seen some of these learnings reflected in updates to the IPAY 2027 guidance. For example, for IPAY 2027 CMS will schedule the first negotiation meetings with manufacturers prior to sending initial offers but before counteroffer responses are due. CMS also finalized functionality to exchange additional counteroffers during the negotiation period for IPAY 2027.

For IPAY 2027 negotiation, manufacturers should clearly define their product's value proposition, anticipate potential challenges to manufacturer-specific data, and prepare for a range of scenarios related to therapeutic alternative selection and resulting MFP implications.

## What types of value-based care models are most likely to succeed in 2025?

Models that are focused on a specific patient population (e.g., high needs, complex patients) and/or those with a specialty focus (e.g., oncology, cardiology, orthopedics) hold the greatest potential in 2025. There are three primary reasons why these models may perform better than a more general VBC approach in 2025:

- **More focused interventions:** They can target their full population with similar care management strategies, streamlining the demands on providers.
- **More room for cost reduction:** Complex patients have greater healthcare utilization, meaning there

is more room for reduction in costs than in a healthier population. Similarly, specialty-focused models can focus on the highest-cost services and procedures and implement cost reduction strategies in a smaller population with an outsized impact.

- **More oversight over utilization:** In FFS programs (e.g., ACO REACH), stakeholders have more access to real-time data feeds that offer a clear line of sight into larger patient populations.

## How will AI impact diagnostics capabilities?

AI is expected to continue to expand diagnostic capabilities through the following:

- **Improve diagnostic accuracy and facilitate early disease detection,** particularly in oncology as well as other chronic disease areas; this may include detection of diseases before a patient even shows symptoms, based on their health data

- **Enable personalized treatments** based on individual patient data, leading to more effective care and enhanced patient outcomes
- **Expand identification of hard-to-access patients** via use of wearables with AI functionality
- **Track patient data remotely** over extended periods of time to identify patterns and trends that could potentially lead to prevention, delayed progression, and/or improved outcomes

## Do you anticipate changes to provider reimbursement for Medicare drugs in 2025?

Medicare physician reimbursement continues to challenge practice and provider economics: In 2025 there is a 2.83% reduction in the fee schedule conversion factor, making it the fifth consecutive year with a reduction.

There is growing interest in reforming MACRA (which established the current payment update methodology) and the QPP, which has been criticized for administrative complexity and lack of adequate incentives for VBC. In recent years, there have been increasing bipartisan calls to introduce long-term reforms to physician payment, but such a substantial change would likely take multiple years to establish broad enough support for legislation that could successfully navigate both chambers of Congress.

## How may prior authorization policies shift in 2025?

We anticipate bipartisan, bicameral, and industry support for efforts to reform prior authorization and improve patients' experiences with it. In 2025, there will likely be additional regulatory activity defining how new tools like AI can be deployed to support prior authorization decisions. We will likely see efforts to better communicate the role prior

authorization plays in making sure the most appropriate care is delivered and the reasons for the decisions plans make. Plans and regulators will likely look at ways to improve their prior authorization approaches to improve member and provider experiences. This may include more expansive and nuanced "gold carding" approaches (i.e., waiving of prior authorization for services deemed "high-performing"), more focused prior authorization lists, increased transparency, or more advanced tools to help identify the best care pathways in real time.

Let's continue the conversation.

Contact us at [info@avalere.com](mailto:info@avalere.com) to schedule a call with an expert.