



OPEN HEALTH

The Potential Impact of the New Presidential Administration on the Future of the Inflation Reduction Act and Broader Healthcare Policy



Introduction

During his first term in office, President Trump made healthcare reform a central focus, making notable efforts to repeal and replace the Patient Protection and Affordable Care Act (ACA). Despite his ambitions, those efforts largely fell short, leaving many questions regarding his long-term healthcare vision.

Since then, the Biden administration has introduced key policies, such as the Inflation Reduction Act (IRA), which includes measures to reduce Medicare spending through inflation caps, a redesigned Part D program, and direct price negotiation with manufacturers. As the new presidential administration takes office, uncertainty surrounds how these provisions will be implemented and adjusted moving forward. With little clarity on how these changes will be implemented, stakeholders across the healthcare industry are left to navigate a shifting landscape.



The aim of this white paper is to examine President Trump's healthcare policies and actions during his first term, and to explore recent statements and potential healthcare policies that could be introduced in his current term.

Key healthcare policy goals during President Trump's first term:



Repealing and replacing the ACA



Lowering drug costs



Enacting Medicare and Medicaid reform



Expanding health savings accounts

Key healthcare policy actions during President Trump's first term:



Although the ACA was not repealed, key legislative changes and executive actions were implemented to override certain components, such as the elimination of the individual mandate penalty



Price reform measures had limited success, with significant pushback from the pharmaceutical industry on the Trump administration's more ambitious proposals, such as the "Most Favored Nation" rule, which would have tied Medicare drug reimbursement prices to the lowest price paid by other countries



Although President Trump expressed support for drug price negotiations directly within Medicare Part D, initiatives to do so did not move forward during his first term



President Trump approved multiple changes to the Medicare program, such as the repeal of the Independent Payment Advisory Board (IPAB), which served as a check on higher Medicare expenses, and easing of regulatory requirement burdens via the "Patient Over Paperwork" initiative



The administration made proposals for changes to the Medicaid Drug Rebate Program and promoted Medicaid work requirements in several states, a measure that was blocked by courts in most cases

President Trump's healthcare policies and actions:

A review of his first term

Healthcare policy was a central issue during Donald Trump's first presidential term. Much of the political discourse surrounding healthcare focused on the future of the ACA, the reduction of drug prices, and changes to the US healthcare system. Key promises during his 2016 presidential campaign included repealing and replacing the ACA, lowering drug prices, and enacting Medicare and Medicaid reform, along with expanding health savings accounts. While the Trump administration did propose and enact regulatory reforms, executive orders, and legislative actions aimed at reshaping the healthcare system, many of the proposed changes were not adopted. Some of the key actions on these policies are summarized below.

Attempts to repeal the ACA

Upon his first day in office, President Trump issued an executive order to “seek the prompt repeal of the Patient Protection and Affordable Care Act.” The order called upon other executive departments and agencies to “waive, defer, grant exemptions from, or delay the implementation of any provision or requirement of the Act that would impose a fiscal burden on any state, individuals, families, healthcare providers, health insurers, patients, recipients of healthcare services, purchasers of health insurance, or makers of medical devices, products, or medications.”¹ The American Healthcare Act of 2017 aimed to replace the ACA with a system that reduced Medicaid expansion and restructured insurance subsidies. While the act passed the House of Representatives, it ultimately failed in the Senate due

to a lack of support.² The bill's failure was a setback to the administration's promise to repeal the ACA. However, the Trump administration was able to cancel funding for outreach, end a key set of subsidies for insurers, rewrite regulations about the kinds of insurance that private insurers could sell, and grant states more flexibility in how they could design their Medicaid programs.³ The Tax Cuts and Jobs Act in December 2017 included the elimination of the individual mandate penalty of the ACA, a move that was widely viewed as a step toward undermining the ACA. Other executive actions aimed at the ACA included expanding short-term limited-duration plans exempt from ACA requirements and allowing employers to offer association health plans, which were less regulated than ACA-compliant plans.⁴

Drug pricing initiatives



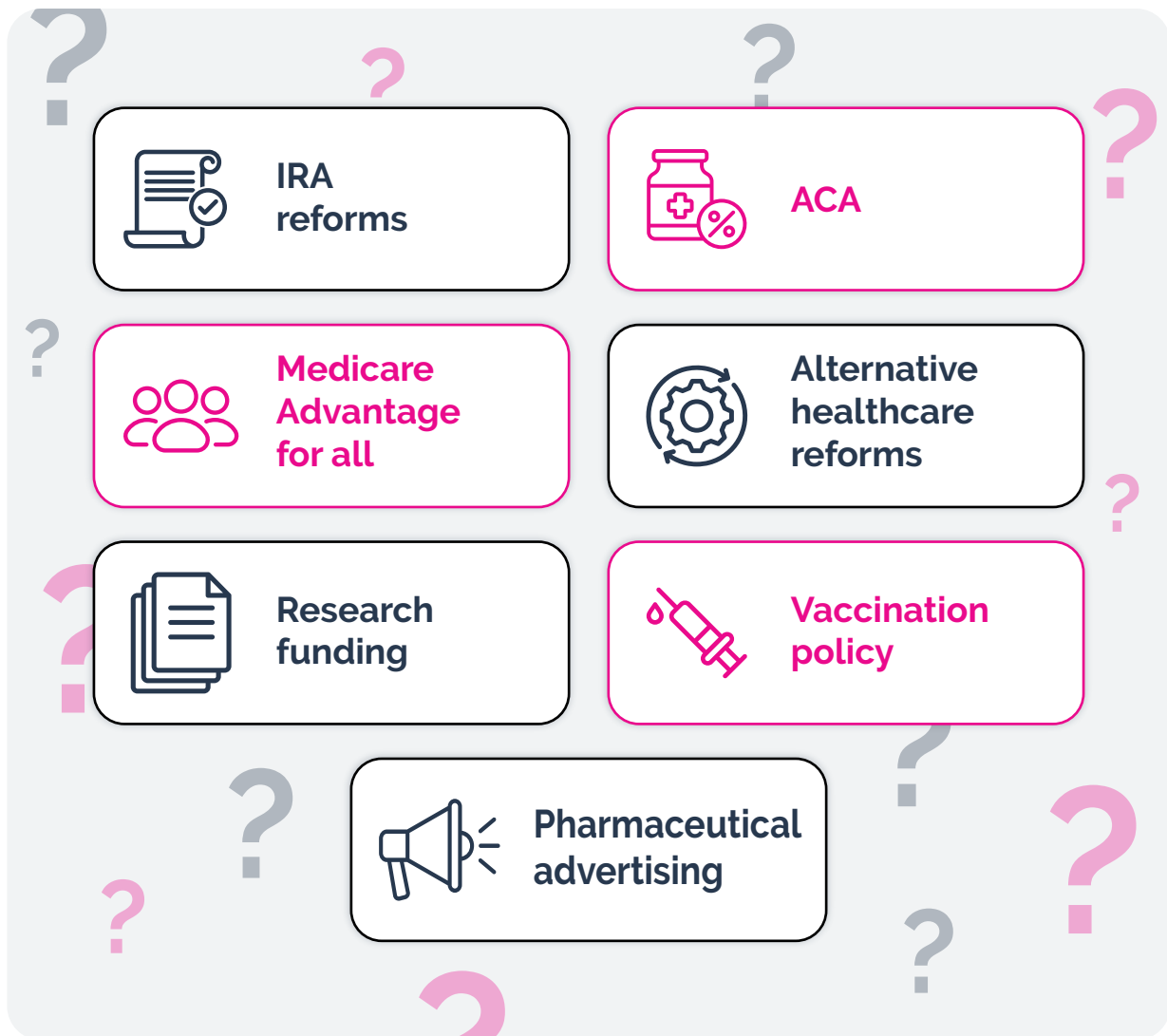
The Trump administration was determined in its aim to lower prescription drug costs during his first term in office. While the administration introduced several initiatives, the measures achieved limited success compared to the promises made during his campaign. President Trump was critical of high drug prices and called for increased price transparency, signing the “Know the Lowest Price Act of 2018.”⁵ The Trump administration also proposed the “Most Favored Nation” rule, which would have tied Medicare drug reimbursement prices to the lowest price paid by other countries. However, the ambitious proposal was met with significant pushback from the pharmaceutical industry and was delayed by courts before it could be implemented.^{6,7} In 2019, the Prescription Drug Pricing Reduction Act was introduced, aimed at lowering drug prices and reducing the burden on patients by using measures to improve price transparency.⁸ It proposed requiring drug manufacturers to issue rebates for drugs covered under Medicare for which the manufacturer price increased at a higher rate than the rate of inflation, reducing the out-of-pocket expenses threshold, and increasing the maximum rebate payable by manufacturers under the Medicaid Drug Rebate Program. The importation of drugs from other countries, such as Canada, was also proposed. However, the bill did not make it beyond the Senate.

Medicare and Medicaid



The Trump administration’s approach to Medicare and Medicaid during his first presidential term was primarily characterized by a combination of reform and expansion. Although Trump expressed support for drug price negotiations directly within Medicare Part D, initiatives to do so did not move forward during his first presidential term, though public opinion of the idea was positive.⁹ President Trump also approved multiple changes to the Medicare program, including the repeal of the Independent Payment Advisory Board (IPAB), which served as a check on higher Medicare expenses, changes in Medicare provider payments,¹⁰ easing of regulatory requirement burdens via the “Patient Over

Paperwork” initiative,¹¹ and increased transparency of healthcare data through the ‘MyHealthEData Initiative.’¹² The administration also promoted Medicaid work requirements in several states to reduce Medicaid enrollment by requiring beneficiaries to prove they were employed or seeking employment. Several states implemented these requirements, but most were blocked by the courts. Proposals for changes to the Medicaid Drug Rebate Program were also made to support value-based purchasing arrangements with manufacturers, including revised methods of ascertaining the best price and creating alternative definitions of rebate agreements.¹³



Future healthcare policies: President Trump's recent statements and potential initiatives

Healthcare policy remains a key focus area as President Trump explores potential initiatives for his current presidential term.

His recent public statements and policy proposals suggest a continuation and evolution of previous priorities. This section explores how these initiatives may shape the future of US healthcare, particularly in addressing healthcare provisions in the IRA, revisiting the ACA, and the selection of healthcare policy leaders.

What is the future of healthcare policy in President Trump's second term?

The future of the IRA



Most of President Trump's comments toward the IRA, which includes provisions for investments in clean energy, innovation, and industrial productivity, are either broad or not specific to the healthcare provisions.¹⁴

For example, he vowed to “rescind all unspent funds under the misnamed Inflation Reduction Act.”¹⁴ However, rescinding or modifying the IRA would likely require an act of Congress, and a full rescinding is unlikely as some aspects have already taken effect.¹⁵ Similar to the ACA during President Trump's first term, some money has been committed and cannot be clawed back; at least \$92.5 billion in grants has been awarded as of November 2024.¹⁵ Furthermore, jobs have been created in clean energy industries, primarily in Republican districts, and ongoing IRA-provisioned tax credits could keep these new industries afloat.¹⁵

However, unspent funds and unsigned contracts are still vulnerable.

There is a mix of speculation from media outlets about what the most vulnerable components of the IRA may be, with some positing that electric vehicle subsidies and energy policies are most likely to be targeted, while others cite Medicare drug price provisions, new taxes, and Internal Revenue Service (IRS) funding.^{15,16} While President Trump pledged to “reduce costs through increased transparency, promote choice and competition, and expand access to affordable healthcare and prescription drug options,” he did not explicitly mention Medicare negotiation, caps on out-of-pocket drug costs for Medicare, or pharmacy benefit manager regulation during his 2024 campaign.^{17,18}

The ACA at a crossroads again



President Trump has expressed conflicting intentions regarding the ACA.¹⁹ Echoing his previous efforts to repeal and replace the ACA, Trump has signaled his intent to pursue alternative healthcare reforms during his current term. In Congress, Republicans have shown limited interest in reopening the contentious battle over repealing the ACA, given its widespread adoption and integration into the healthcare system.²⁰ Despite this, Trump has indicated his desire to explore alternative healthcare

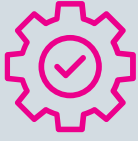
reforms during his current term, stating, “I have concepts of a plan,” though a specific timeline was not provided.²⁰ One source speculated that enhanced subsidies on the ACA—passed under the American Rescue Plan in 2021—will likely not be renewed once they expire at the end of 2025.²¹ However, President Trump has not mentioned this explicitly. Whether President Trump's intentions will translate into actionable reforms remains uncertain.

Selection of healthcare policy leaders

President Trump's recent appointments to key healthcare positions reflect his ongoing focus on reshaping the US healthcare system. From Mehmet Oz's nomination to lead the Centers for Medicare & Medicaid Services (CMS) to the selection of Robert F. Kennedy Jr. to head the Department of Health and Human Services (HHS), these decisions have generated significant discussion. Each nominee brings unique perspectives and priorities—ranging from reforming Medicare and reducing fraud to addressing industry-government relationships and regulatory changes. As these leaders take on their roles, their approaches and policies are likely to have a lasting impact on the healthcare landscape.

Four years after Oz introduced his "Medicare Advantage for All" proposal in a Forbes op-ed with former Kaiser Permanente CEO George Halvorson, President Trump announced his appointment to lead CMS, stating that Oz would "cut waste and fraud within our Country's most expensive Government Agency," though specifics on how this would be achieved were not provided.^{18,22} Along with President Trump, Oz has voiced support for Medicare Advantage, a paid alternative to traditional Medicare coverage that is managed through private insurers, though Oz's stance on Medicaid is unclear.²³

Robert F. Kennedy Jr., President Trump's nominee to lead the HHS, has previously expressed a commitment to "clean up corruption, stop the revolving door between industry and government, and return our health agencies to their rich tradition of gold-standard, evidence-based science."²⁴ He has also supported measures to reduce drug prices, advocating for legislative caps to prevent companies from charging Americans substantially more than Europeans.²⁵ Additionally, Kennedy has called for reforming funding for the National Institutes of Health (NIH), proposing a shift in research budgets to focus on preventive, alternative, and holistic health approaches.²⁵ Despite confirming that "we're not going to take vaccines away from anybody," his skepticism towards vaccines has contributed to uncertainty, as vaccine manufacturers experienced a significant decline in market value following Trump's announcement of the nomination.²⁴ Moreover, Kennedy has expressed a desire to ban direct-to-consumer pharmaceutical advertising, a practice unique to the US and New Zealand.²⁵ The pharmaceutical industry remains uncertain about the broader impact of Kennedy's leadership on regulatory policies, drug approvals, and industry-government relations, as his approach could significantly influence the future landscape of the sector.^{25,26}



As healthcare continues to be a pivotal issue for numerous stakeholders—including government officials, federal agencies, payers, providers, and the public—this analysis underscores the importance of tracking these evolving policy developments and their implications for the US healthcare landscape.

Conclusions

This white paper has provided a review of President Trump's healthcare policies and actions during his first term, highlighting key initiatives that shaped the administration's approach to healthcare reform.

By reflecting on these past efforts, we gain valuable insights into the priorities and strategies that defined his tenure. Looking ahead, President Trump's recent statements and proposed initiatives suggest potential directions for his current term, including reforms that could impact healthcare access, affordability, and innovation. While specifics remain uncertain, understanding the context of his previous policies offers a foundation for anticipating future actions.

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