PNC PHARMA & LIFE SCIENCES
Monthly News Brief

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CMS Releases Medicaid Work Requirements Guidance for States *(Healthcare Dive)*
CMS finalized guidance for states implementing Medicaid work requirements, which take effect January 1, 2027. Most ACA Medicaid expansion adults will need to complete 80 hours per month of work, education, or community service to keep coverage, while certain groups—such as medically frail individuals, pregnant women, and some caregivers—are exempt. The rule provides states with long-awaited implementation details but has drawn criticism from advocates who warn it could increase administrative burdens and lead eligible beneficiaries to lose coverage.

Judge Vacates Most of Controversial 2025 ACA Enrollment, Eligibility Rule *(Healthcare Dive)*
A federal judge struck down several key provisions of CMS' 2025 ACA enrollment rule, including a $5 surcharge on automatic reenrollment, tighter eligibility checks and restrictions on premium tax credits. The court ruled CMS exceeded its authority, handing a win to ACA advocates who argued the policies would reduce coverage and create enrollment barriers. However, the impact may be limited because some provisions were later incorporated into federal legislation.

Medicare Slashes 340B Payments, Broadens Site-Neutral Policies in Proposed 2027 Payment *(Healthcare Dive)*
CMS proposed cutting Medicare reimbursement for 340B drugs from ASP+6% to ASP-33.4% and expanding site-neutral payments to certain imaging services provided in hospital outpatient settings. The agency says the changes would lower costs and reduce patient cost-sharing, while hospitals argue they would significantly reduce funding for safety-net providers. The proposal also includes a 2.4% outpatient payment rate increase for 2027.

Eli Lilly Issues Data Sharing Ultimatum to 340B Hospitals *(Healthcare Dive)*
Eli Lilly is requiring 340B hospitals to share claims data proving they are not receiving duplicate discounts through Medicaid or other programs, warning that noncompliant providers could lose access to Lilly's 340B discounts. Hospitals argue the policy is unlawful and could limit access to discounted drugs, making the dispute the latest flashpoint in the ongoing battle over the 340B program.

How Bill Aims to Crack Down on China Biotech Deals *(BioPharma Dive)*
A bipartisan House bill, the Biotech Investment National Security Act (BINSA), would increase federal scrutiny of U.S. pharma deals with Chinese biotech companies by extending national security reviews to biotechnology investments, licensing agreements, and joint ventures. The proposal follows several large China-related transactions amid concerns that growing reliance on Chinese biotech innovation could pose risks to U.S. competitiveness and national security.

Express Scripts, PCMA Sue to Block Tennessee Law Breaking Up PBMs and Pharmacies *(Healthcare Dive)*
Express Scripts and the Pharmaceutical Care Management Association (PCMA) sued Tennessee to block the state's new FAIR Rx Act, which prohibits pharmacy benefit managers (PBMs) from owning or operating pharmacies in the state. The lawsuits argue the law is unconstitutional and would disrupt patient access to medications by forcing PBM-owned pharmacies and mail-order operations to close. The law was enacted in response to concerns that vertically integrated PBMs use their market power to disadvantage independent pharmacies. If implemented in 2028, it could force major changes for companies such as CVS Caremark and Express Scripts, with CVS estimating it would need to close 136 Tennessee pharmacies and halt mail-order services in the state. Express Scripts also warned it could be forced to shut a major Memphis dispensing facility.

Medtronic Seeks Clearance For Hugo Surgical Robot in More Indications *(Medtech Dive)*
Medtronic has filed for FDA 510(k) clearance to expand its Hugo surgical robot beyond urology into general surgery (including hernia repair) and gynecology, two of the largest robotic surgery markets. If approved, the expanded indications would allow Hugo to compete more directly with Intuitive Surgical's da Vinci system, which dominates these procedures. The move is part of Medtronic's broader robotic surgery strategy following Hugo's initial U.S. clearance for urologic procedures in late 2025. Management said Hugo is already contributing to surgical sales growth, and broader approvals could significantly increase adoption in the U.S. market.

Court Overturns Insulet's $59M Trade Secret Verdict Against EOFlow *(Medtech Dive)*
A U.S. appeals court overturned Insulet's $59.4M trade-secret judgment against EOFlow, ruling the company filed its lawsuit too late under the applicable statute of limitations. The decision reverses a major 2024 jury victory for Insulet related to its Omnipod technology and eliminates the reduced damages award. The court found Insulet should have been aware of the potential trade-secret issues years earlier based on EOFlow's insulin patch pump activities. Insulet said it disagrees with the ruling and is evaluating further legal options.