

**January 25, 2021**

***Welcome to America's Physician Groups' "Healthcare on the Hill," where you can get the latest on healthcare happenings in our nation's capital--and with a special focus on the value-based care movement.***

***As our nation--and the world--continues to face the many challenges presented by COVID-19, we are working to ensure you have the very latest information on the virus and our rapidly changing healthcare landscape.***

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***Valinda Rutledge  
Executive Vice President of Federal Affairs  
America's Physician Groups***

### **President Biden Begins Term with Slew of Executive Orders**

President Joe Biden began his term by signing [30 executive orders](#) over his first three days in office, many of them reversing the policies of his predecessor former President Donald Trump. The 30 executive orders include halting funding for the construction of Trump's border wall, reversing the travel ban targeting largely Muslim countries, imposing a mask mandate on federal property, ramping up vaccination supplies, and requiring international travelers to provide proof of a negative COVID-19 test prior to traveling to the US. On Friday, the President signed executive orders giving low-income families and individuals efficient access to food security and assistance programs, initiating federal contractors to pay workers a mandatory minimum wage of \$15 per hour and offer emergency paid leave benefits, and requesting that the Department of Labor extend unemployment benefits to employees who forgo work out of health concerns due to COVID-19.

### **Andrea Palm Nominated for New HHS Deputy Secretary**

President Biden has announced the nomination of Andrea Palm for the new Deputy Secretary for the Department of Health and Human Services (HHS). Andrea is currently the Secretary-designee of the Wisconsin Department of Health Services. Prior to this role, she held a variety of positions in the Obama Administration and at HHS.

We continue to look out for other nominations including new leadership at CMS and CMMI. We will keep you informed on newly named positions.

### **CMS Opens Geographic Direct Contracting Model RFA**

The Centers for Medicare and Medicaid Services opened its [Request for Applications](#) (RFA) for the Geographic Direct Contracting Model. The agency will accept applications for the model from March 1-April 2, 2021 via an online portal. The model will test a geographic-based approach to improve health and reduce costs in selected regions across the country. The RFA includes full details on the Model, including:

- Eligibility and participation requirements
- Model design elements, such as beneficiary eligibility and alignment, beneficiary outreach and education requirements, financial methodology, model overlap, benefit enhancements, beneficiary engagement incentives, capitation payment mechanisms, payment integrity and medical review
- Application questions, scoring and selection, including the proposed discount review process

Entities that wish to participate in the model in a target region are required to apply to participate in that region. Entities looking to participate in multiple target regions must submit a separate application for each region. Although CMS solicited a Letter of Interest (LOI) from interested organizations to gauge interest in participation, having submitted an LOI is not required for submitting one or more applications.

There will be two application periods, one for each Model Agreement Period (2022-2024 and 2025- 2027). CMS expects that the application for organizations interested in participating during the first Model Agreement Period will be made available in January 2021 but will provide an updated application timeline on its [website](#) soon. The application period for the second Model Agreement Period will open in spring 2024. Organizations may choose to participate in only one Model Agreement Period.

CMS also made available a [Geo Data Book \(XLS\)](#); [Geo Data Book Guidance \(PDF\)](#); [Proposed Discount Tool \(XLS\)](#); and [Proposed Discount Tool Guidance Document \(PDF\)](#) for use as resources.

Further details will be available on the [Geo webpage](#) in the coming month.

### **COVID-19 Public Health Emergency Declaration Extended Additional 90 Days**

Last week, the Department of Health and Human Services (HHS) announced that they would extend the nationwide [public health emergency](#) declaration due to the ongoing COVID-19 pandemic until April 21.

However, over the weekend, Acting HHS Secretary Norris Cochran stated that the extension will likely be maintained through the end of 2021, allowing for the continuation of Medicare, Medicaid, CHIP, telehealth, and other waivers.

### **CMS Issues Final Rule on Part D, 2022 Medicare Advantage Rate Announcement**

The Centers for Medicare and Medicaid Services recently issued a [final rule](#) outlining a host of changes for the Medicare Part D program that seeks to modernize them and allow enrollees to more easily access information about lower-cost alternative therapies under their prescription drug benefit plan.

The rule requires Part D plans to offer a real-time benefit-comparison tool beginning January 1, 2023. CMS will allow Part D plans to have a "preferred" specialty tier with a lower cost sharing level than their other specialty tier that will give Part D plans more tools to negotiate better deals with manufacturers on the highest-cost drugs and lower out-of-pocket costs for enrollees in exchange for placing these products on the "preferred" tier. The agency said it expects the changes will result in an estimated \$75.4 million in savings to the federal government over 10 years.

As part of its [2022 Medicare Advantage \(MA\) and Part D Rate Announcement](#), CMS will raise MA plan payments by 4.08 percent and finalized its proposal for the Part C CMS-Hierarchical Condition Categories (HCC) risk adjustment model that will adjust plan payments using diagnoses solely from encounter data. With the full phase-in, the Part C risk score used for payment in 2022 will rely entirely on diagnoses from MA encounter data and fee-for-service claims as the sources of diagnoses.

### **MedPAC Meets to Finalize Policy Recommendations for March 2020 Report to Congress**

The Medicare Payment Advisory Commission (MedPAC) met to finalize payment and policy recommendations for its annual [Report to Congress](#). MedPAC submitted payment recommendations for fee-for-service (FFS) payment rate updates, a Medicare Advantage (MA) status report, improving Medicare payment for post-acute care, hospice in fiscal year (FY) 2022, and its analytical findings on the impact of applying the hospital post-acute transfer policy to cases discharged to hospice. Its recommendations included:

- An increase in the calendar year (CY) 2021 Medicare payment rates for physician and other health professional services
- Elimination of the CY2021 update to the Medicare conversion factor for ambulatory surgical centers (ASC)
- Requiring ASCs to report cost data
- Elimination of the FY2021 update to Medicare base payment rates for hospice providers
- An increase in the CY2021 Medicare end-stage renal disease prospective payment system base rate

The Commission estimated that its recommendations would decrease spending between \$750 million and \$2 billion over one year and \$5-10 billion over five years. For MA, MedPAC found that although legislation has reduced the inequity in Medicare spending between MA and FFS nationally, plans have received increased payments because of higher risk coding and quality bonus rules. With the legislated MA payment reductions over the past few years, plan bids and payments have fallen in relation to FFS spending while MA enrollment continues to grow. Plans have improved efficiencies, leading to more competitive bids that enable MA plans to continue to increase enrollment by offering extra benefits that beneficiaries find attractive, which MedPAC believes suggests that further efficiencies are possible in MA.

It also discussed potentially changing how beneficiaries are assigned to Medicare Accountable Care Organizations, but in the end decided it needs greater detail on all possible approaches before making a recommendation to Congress. Its study of the relationship between the 340B drug savings program and oncology drug costs which was requested by the House Committee on Energy and Commerce in 2018 was also included in the report. MedPAC's findings were inconclusive, with higher spending found for some cancer drugs but not others.

#### **APG/CareJourney Deep Dive on Direct Contracting**

If you are an organization that is either already a **Direct Contracting Entity** (DCE) or planning to apply for a January 2022 start date, this is a [must-attend webinar](#) for you to take a closer look at the key decision points that you will need to consider before going forward.

**Aneesh Chopra, President, CareJourney** and **Valinda Rutledge, Senior Vice President, Federal Affairs, APG**, will host a deep-dive conversation with CMS representatives and key industry leaders about **everything you must know about Direct Contracting and how to best position your organization for success in Professional, Global, and Geographic models.**

[Register Today](#)

**Tuesday, February 16 from 12:00 pm ET to 1:15 pm ET**

We are thrilled with **our exciting line up of speakers, which include the following:**

**Pauline Lapin, Director, Seamless Care Models Group at CMS Innovation Center**  
**Dr. Robert Stone, Senior Medical Director at Central Ohio Primary Care**  
**Melanie Matthews, CEO, Physicians of Southwest Washington**

Additional national speakers will be announced shortly.