



****Special Edition****

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Welcome to "Washington Update," the weekly e-newsletter on the latest health care happenings in the nation's capital that affect APG's members.

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Matt DoBias

Vice President, Congressional Affairs
mdobias@apg.org

Jennifer Podulka

Vice President, Federal Policy
jpodulka@apg.org

Garrett Eberhardt

Executive Director, Medicaid Policy
geberhardt@apg.org

Greg Phillips

Director of Communications
gphillips@apg.org

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Special Edition: Health Care Provisions in the Year-End Congressional Spending Bill

Congress is poised this week to pass [sweeping health care measures](#) that collectively will have lasting impact on Medicare, Medicaid, the Children's Health Insurance Program (CHIP), mental health, pandemic preparedness and more. Together, the changes would constitute a mixed bag for physicians and APG members, with a blend of many positives and some negatives. The short-term and partial nature of many of the provisions suggests that some will be back on APG's advocacy agenda next year.

Here's a look at some of the key provisions that made it into the massive year-end package, known as an omnibus bill, to fund federal agency operations and other priorities in fiscal 2023:

- **Partial Extension of MACRA AAPM Incentive Payments:** Extension of Medicare incentive payments to clinicians for participation in an Advanced Alternative Payment Model (AAPM) through 2025, but at 3.5 percent of Medicare Part B physician payments instead of the current 5 percent. The omnibus bill also preserves the current thresholds for Advanced APM qualification (i.e., clinicians must receive either 50 percent of their payments through the AAPM or have 35 percent of their patients affiliated with it) through calendar 2023. Under the original MACRA law, these thresholds were scheduled to increase to 75 percent at the end of 2022.
- **Partial, but Not Full Relief, for Medicare Physician Payment Cuts:** Although a confluence of factors originally threatened cuts as large as 8.4 percent in 2023 in Medicare physicians' fees, doctors are to be spared much, but not all, of that reduction in the omnibus bill. Statutory "pay-as-you-go" automatic spending cuts of 4 percent applied to Medicare are to be suspended for 2023 under the legislation. A scheduled 4.5 percent reduction in the conversion factor under the Medicare Physician fee schedule is also reduced to 2% for 2023 and approximately 3% for 2024. The net effect will be a 2 percent cut in physician fees if the omnibus bill is enacted.
- **Telehealth Flexibilities:** The bill extends through 2024 all current federal flexibilities now tied to the COVID-19 public health emergency.
- **Care at Home Flexibilities:** The package also extends CMS's Acute Hospital Care at Home waivers and flexibilities through 2024.
- **Physician Workforce Funding:** The omnibus bill provides for 200 additional Medicare-funded graduate medical education (GME) residency positions, one-half of which are dedicated to psychiatry or psychiatric subspecialties.

Medicaid and Children's Health Insurance Program Provisions: The package paves the way for ending some pandemic-era support for Medicaid and CHIP while continuing other elements. For example:

- The 6.2 percent funding increase to states that did not cut their Medicaid rolls during the public health emergency is gradually phased out, beginning in April and through Dec. 31, 2023.
- States can begin reevaluating who is eligible for Medicaid starting in April 2023 for a period of at least 12 months.
- States will have the option to make permanent a pandemic-era rule that allows for one year of continuous coverage in Medicaid and CHIP for mothers during the postpartum period.
- CHIP funding is extended for two additional years, through 2029.
- Children in CHIP and Medicaid will have 12 months of continuous coverage, effective Jan. 1, 2024, even if their family's income and eligibility for the program changes.
- The omnibus bill heads off a potentially devastating lapse in pandemic-era Medicaid funding for Puerto Rico and other U.S. territories and ensures stable funding for the next five years. Specifically, it extends Puerto Rico's Federal Medical Assistance Percentage (FMAP) rate of 76 percent through fiscal year 2027, and permanently extends the FMAP rate of 83 percent for four other territories (American Samoa, Guam, the U.S. Virgin Islands and Northern Mariana Islands).
- Starting July 1, 2025, state Medicaid programs, Medicaid Managed Care Organizations, primary care case management entities, and other types of prepaid plans will have to keep provider directories current, searchable and regularly

updated and expand information to include mental health and substance use disorder services.

- \$7 billion is to be added to the Medicaid Improvement Fund, which gives the Secretary of Health and Human Services money to improve the management of Medicaid through oversight of contracts and contractors and evaluation of demonstration projects. Of note, the omnibus package also siphons away about \$7 billion from the Medicare Improvement Fund—a vaguely-defined pocket of federal funding that lawmakers frequently use to offset the cost of Medicare-related policies.

Behavioral and Mental Health Provisions: The omnibus bill includes dozens of provisions pulled from separate House and Senate proposal to address the behavioral and mental health crisis by improving services to adults and children. Among them:

- Reauthorization of the National Suicide Prevention Lifeline Program, the Community Mental Health Service Block Grants, and the renamed Substance Use and Prevention, Treatment, and Recovery Block Grants.
- Grant funding to support maternal mental programs, establishment of a maternal mental health hotline and a related task force.
- Extension of federal mental health parity requirements to state and local government workers.
- Medicare Part B coverage of mental health counselor and therapist services.
- A requirement that HHS publish industrywide best practices for a crisis response continuum of care that can be used by providers and crisis service administrators, which will then be regularly updated.
- A requirement that health care providers complete a one-time, eight-hour training course on identifying and treating patients with substance use disorders.
- Reauthorization of the Psychiatric Collaborative Care Model program to increase uptake and access to integrated care services. Qualified states that receive funds under the program would be able to allocate 10 percent of the dollars to support primary care practices that implement mental health professionals within a primary care setting.

Pandemic Preparedness: Multiple provisions of the omnibus package are aimed at improving the government’s ability to prepare for public health emergencies, including new requirements on the Centers for Disease Control and Prevention to model and forecast infectious disease outbreaks; assessment of the adequacy of the Strategic National Stockpile; and requirements for national-and state-level exercises every five years to identify gaps in preparedness and response.

Washington Update Holiday Hiatus

APG’s *Washington Update* is taking a break over the holidays. The next issue will come out ***Friday, Jan. 6, 2023***. Happy holidays and have a wonderful New Year!

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