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WASHINGTON UPDATE



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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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Under New Speaker McCarthy, House Committees Begin to Take Shape

After a contentious battle for the top leadership position in the House, newly-elected Speaker Kevin McCarthy (R-Calif.) and the [House Steering Committee](#) named 19 new members to the two main House committees with jurisdiction over key aspects of U.S. health care: [nine](#) to Energy and Commerce and [10 to Ways and Means](#).

Of the 19, two have a clinical background: Rep. Mariannette Miller-Meeks (R-Iowa) is an ophthalmologist, and Rep. Diana Harshbarger (R-Tenn.), is a licensed pharmacist. Both will serve on the Energy and Commerce (E&C) Committee, and both are members of the influential House GOP Doctors Caucus. Rep. Cathy McMorris Rodgers will continue to chair the full (E&C) committee, and Rep. Brett Guthrie is expected to lead the panel's health subcommittee.

In contrast, the Ways and Means Committee will undergo substantial changes. Rep. Jason Smith (R-Mo.) was named chairman of the committee that has oversight of Medicare, Medicare Advantage, and prescription drugs. In a little more than a decade in Congress, Smith has carved out a niche on health care issues, broadly supporting the expansion of telehealth in Medicare—including APG-backed measures around [audio-only](#) clinical visits—and better coordination between behavioral health specialists and primary care providers. It's unclear who will chair the committee's health subcommittee, though that role is widely expected to go to either Rep. Vern Buchanan (R-Fla.) or Rep. Adrian Smith (R-Neb.).

Both committees will have preeminent sway over Republican health care priorities. As the Republican Party's leader, McCarthy has relied heavily on the committee process to shape, develop, and advance health legislation. That reliance could put both committees in the spotlight early into the new congressional session. McCarthy and other House leaders say they want to focus on efforts to reduce the federal deficit—a move that could affect Medicare and Medicaid if the Senate and Biden administration concurred with any proposed House changes, which may be unlikely.

Latest Extension of Public Health Emergency Buys Time for More COVID-Era Flexibilities

As expected, the Biden Administration this week announced the twelfth and potentially final [extension](#) of the COVID-19 Public Health Emergency (PHE), renewing its promise to provide at least [60 days' notice](#) before ending the many pandemic-era payment and regulatory flexibilities that have been in effect for nearly three years.

The latest 90-day extension buys more time for providers to prepare for the eventual end of the PHE and for Congress to make further legislative changes on top of various flexibilities that they extended in the [end-of-the-year spending bill](#) – including on telehealth and the Acute Hospital Care at Home waiver, which was extended to December 31, 2024. At the same time, members of the new House Republican majority, which has created a [subcommittee to investigate the government's COVID response](#), have called for [end to the PHE](#) in part because they argue that it unduly expands the powers of the executive branch of government.

APG to Congress: How to Improve Care for Dual-Eligible Populations

In a [comment letter](#) responding to a November 2022 Request for Information (RFI) from a group of longstanding Senate Finance Committee members – Sens. Bill Cassidy (R-LA), Thomas Carper (D-DE), John Cornyn (R-TX), Robert Menendez (D-NJ), and Tim Scott (R-SC) -- APG has offered recommendations for changes to Medicare and Medicaid coverage of the nation's nearly 12 million dually-eligible enrollees. If adopted, the recommendations could help APG members and associated health plans better meet the health care needs of this population and arguably lower costs.

The Senators sought had input on addressing the fragmentation of care for dual eligibles, as well as erratic cost-shifting stemming from the fact that neither Medicare nor Medicaid bear full responsibility for costs of caring for this population. Although the lawmakers have as yet floated no specific proposals, they asked for advice on a range of ideas, including creating a “new unified system” that would put the care and costs for this population under a single umbrella.

APG acknowledged the need for improvement but cautioned against making wholesale changes without careful consultation with stakeholders over specific proposals. Meanwhile, other important reforms could help – for example, in maintaining continuity of coverage and care. As things stand now, enrollees in so-called Dual Eligible Special Needs Plans (D-SNP), a form of Medicare Advantage plan, can lose that coverage if they become ineligible for Medicaid. A solution would be to automatically enroll these individuals in an MA plan offered by the same parent organization so they could maintain access to the same providers and their care could continue to be coordinated.

APG also advocated for increased per-member per-month payments to providers based on linking payment to social determinant factors and the social complexities of dually eligible patients. And APG encouraged Congress to continue to establish and expand value-based care and alternative payment models within both the Medicare and Medicaid programs, citing as a prototype the Financial Alignment Initiative (FAI) demonstration now approved by the Centers for Medicare and Medicaid Services in 13 states.

APG will monitor and report on any developments as the Senators digest the input and potentially hold hearings or draft legislation affecting the dual-eligible population.

Commissioners and Staff Debate Delegated Risk Model At MedPAC Public Meeting

MedPAC's January 12-13, 2023, public meeting featured a status report on Medicare Advantage, during which some commissioners and staff locked horns over risk adjustment, coding, and "delegated" risk models, in which the responsibility and financial risk for providing health care is delegated by a health plan to a provider organization. The exchange shed light on ongoing confusion over these models, in which a number of APG member groups engage.

MedPAC staff presented data linking higher "coding intensity" with MA plans in California and Florida, and suggested that greater adoption of the delegated model by MA plans in those states leads providers who accept capitation "to aggressively document more diagnosis codes." But that perspective prompted probing questioning from MedPAC commissioners, including [Dana Gelb Safran](#), President and CEO of the National Quality Forum and an architect of value-based care models during her prior role at Blue Cross Blue Shield of Massachusetts. Under Safran's questioning, MedPAC staff acknowledged that the data upon which they based their conclusion did not in fact indicate which plans use a delegated model – nor which providers submitting diagnoses accepted capitation. Safran urged staff to steer clear of drawing any conclusions until they had the opportunity to seek data that could clarify whether particular coding patterns and practices were in fact linked to delegated provider groups.

Other commissioners then joined Safran in discussing the benefits of delegated risk models in freeing physicians from fee-for-service payment and allowing them to focus on caring for their patients. Fellow Commissioners [Jaewon Ryu](#), President and CEO of Geisinger Health System; [Lawrence Casalino](#), Professor at Weill Cornell Medical School; [Scott Sarran](#), Chief Medical Officer at MoreCare; and [Robert Cherry](#), Chief Medical and Quality Officer at UCLA Health all shared observations about the benefits of delegated risk models.

APG will continue to educate policymakers and others about the benefits of delegated risk models to address confusion about them. The MedPAC exchange also underscores the importance of APG's ongoing efforts to collect and publish members' data demonstrating improved outcomes for Medicare beneficiaries cared for in these models.

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