

AMERICA'S
PHYSICIAN
GROUPS 

W A S H I N G T O N
UPDATE



To our subscribers: *Washington Update* is taking a break next week. We will be back the following week with our latest update.

September 1, 2023

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

Know people who may enjoy receiving it? **Forward this email and have them email communications@apg.org to be added to the subscription list.** And remember to visit **[APG's website](#)** for more news and resources, or contact a member of APG's Washington, DC, policy and communications team below.

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Medicare Advantage and Managed Medicaid Face Probe by Office of the Inspector General

Medicare Advantage and managed Medicaid plans are in the crosshairs of the U.S. Department of Health and Human Services' (HHS) Office of the Inspector General (OIG), which announced this week that it will examine potential fraud, waste, and abuse in these arrangements.

In a newly released [strategic plan](#), the OIG said the focus was justified by the large penetration of managed care in the two largest government health care programs. About half of all Medicare enrollees received care through Medicare Advantage (MA) in 2022, at a cost to the government of \$403 billion; and 4 in 5 Medicaid beneficiaries received at least one component of their care through a Managed Care Organization (MCO), which received a federal match in 2021 of \$254 billion.

OIG plans to audit, evaluate, and investigate the “managed care life cycle” in four phases: plan establishment and contracting; enrollment, including MA plans’ marketing campaigns to determine if they mislead consumers and coverage determinations in Medicaid; payment, including potential abuses in risk adjustment; and provision of services to enrollees, including network adequacy, ineligible or untrustworthy providers, compliance of care with clinical guidelines, and obstacles to high quality care due to barriers such as prior authorizations and long appointment waits. It also seeks to identify fraud that crosses “multiple plans and/or Federal health care programs.”

APG has consistently maintained that the government should identify and root out all fraud and abuse in government-funded health care programs, including MA and managed Medicaid. It will keep members posted on developments in the OIG’s investigations as they become known, and any potential impact on APG member organizations.

Medicare Price Negotiation Process Moves Forward in the Face of Lawsuits

Many of the 10 drugs that the Centers for Medicare & Medicaid Services (CMS) identified this week as targets for Medicare price negotiation under the [Inflation Reduction Act \(IRA\)](#) are among the most costly drugs covered under Part D, analysts noted this week. Collectively, they accounted for more than \$50 billion, or one-fifth, of recent annual Part D prescription drug spending. Medicare beneficiaries spent more than \$3.4 billion in out-of-pocket costs on these drugs in 2022. On the list for negotiation are these:

- [Eliquis](#), a blood thinner used to prevent strokes and blood clots and manufactured by Bristol Myers Squibb, was the top-selling drug in 2021, accounting for \$12.6 billion of \$216 billion in total Part D drug spending (unadjusted for rebates). Xarelto, a similar drug made by Johnson & Johnson, also made the negotiation list.
- Four costly diabetes drugs on the list are Jardiance for diabetes and heart failure, made by Boehringer Ingelheim and Eli Lilly; Januvia, by Merck; and Fiasp and NovoLog insulin products, made by Novo Nordisk. Omitted from the drug price negotiation list was another top-selling drug, Ozempic (Novo Nordisk), which is one of several similar drugs that are also highly effective weight loss agents.

- Other top-selling drugs on the price negotiation list are Farxiga for chronic kidney disease, made by AstraZeneca; Entresto for heart failure, made by Novartis; Enbrel for rheumatoid arthritis and other autoimmune conditions, made by Amgen; Imbruvica for blood cancers, made by AbbVie and Johnson & Johnson; and Stelara for Crohn's disease, made by Johnson & Johnson.

According to the timetable created under the IRA, negotiations will occur in 2023 and 2024, with negotiated prices becoming effective in 2026. The manufacturers of the drugs identified now have about a month to notify the government whether they will participate in the negotiation process, face an excise tax of up to 95 percent of the identified drug's U.S. sales, or withdraw the drug from Medicare and Medicaid coverage.

At least eight [lawsuits](#) have now been filed by drug manufacturers challenging the constitutionality of the price negotiation provision of the IRA. APG will continue to monitor developments and will feature a session on the IRA at its forthcoming [fall conference](#).

APG Members Excelled in 2022 Medicare Shared Savings Program Results

Multiple APG members were among those achieving the highest savings rates and quality scores when CMS announced the 2022 results for the Medicare Shared Savings Program last week. Their savings ranged from 2.46 percent to 10.64 percent of expected spending reflected by benchmarks and total quality scores on a series of metrics ranged from 70.63 percent to 91.19 percent. APG congratulates these members on their performance:

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| <ul style="list-style-type: none"> • Accountable Care Coalition of Alabama, LLC • Adventist Health Accountable Care, LLC • Ascension Seton Accountable Care Organization • CHI Health Partners • CHI Saint Joseph Health Partners • CHS Physician Partners ACO, LLC • Commonwealth Primary Care ACO • Dignity Health Care Network LLC • Duly Health and Care ACO • Hattiesburg Clinic ACO • Health Connect Partners, LLC • Ochsner Accountable Care Network, LLC • Optum Accountable Care, Arizona • Optum California ACO • OptumCare ACO West | <ul style="list-style-type: none"> • Privia Quality Network Gulf Coast II, LLC • Privia Quality Network Maryland • Privia Quality Network of Georgia • Privia Quality Network, LLC • Sentara Accountable Care Organization, LLC • Summit Health ACO • The Accountable Care Organization, Ltd. • The Polyclinic • Torrance Memorial Integrated Physicians, LLC • UC Irvine Health Accountable Care Organization • WellMed DFW Medicare ACO, LLC • WellMed Greater Texas Medicare ACO, LLC • WellMed Tampa/Orlando Medicare ACO, LLC |
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- PQN - Central Texas, LLC
- Privia Quality Network Central Florida, LLC
- WellMed Texas Medicare ACO, LLC

On the Docket

- APG is responding to a **request for information (RFI) from a new Republican Health Care Task Force of the House Budget Committee**. The task force seeks information on how Congress can spur innovation in health care; reduce spending; advance evidence-based, cost-effective preventive health measures; improve patient access; and address regulatory, statutory, and implementation barriers to all of the above. Interested APG members should contact Valinda Rutledge, Executive Vice President of Advocacy and Education, at vrutledge@apg.org.
- **APG submitted a brief comment letter in response to the U.S. Centers for Medicare & Medicaid Services' (CMS) proposal to reduce home health payment rates**. It urged CMS to mitigate the impact of the proposed permanent payment reduction through a delay, phase-in, or other means, to allow time to evaluate the impact on beneficiary access to services and quality of care.
- **Currently scheduled Congressional hearings of interest:**
 - Sept. 14 – House Energy & Commerce Committee on drug shortages
 - Sept. 19 – Oversight Subcommittee of the House Energy & Commerce Committee on Medicare innovation

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