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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.

## Table of Contents

- **As Partial Government Shutdown Looms, Key Health Programs to Continue Operations**
- **Outlook Still Cloudy on 2024 Medicare Physician Payment Changes**
- **Medicare Advantage, Part D Plans to be Available in 2024 with More Benefits, Roughly Level Premiums**



## **As Partial Government Shutdown Looms, Key Health Programs to Continue Operations**

Amid dimming hopes that the House of Representatives will act to head off a partial government shutdown this weekend, Medicare, the Children's Health Insurance Program (CHIP), federal aspects of Medicaid, and the federal insurance exchange will continue operations, according to Health and Human Services Department (HHS) [contingency plans](#) recently released. But HHS agencies will have to maintain those operations with sharply reduced workforces, as roughly half or less of the staffs of various agencies remain on the job.

Overall, HHS could retain a staff of 58 percent, with the remaining 42 percent being furloughed as of Monday, October 2, the second day of the potential shutdown. The Centers for Medicare & Medicaid Services (CMS) is expected to have just 49 percent of its staff remaining in the office and at work. But it will still be able to issue payments for various programs since many have so-called mandatory funding not subject to annual congressional appropriations. In the case of the federal insurance exchange, ongoing operations will be able to continue thanks to user fees paid by participating insurers.

Other agencies can maintain operations due to advance appropriations, carryover balances from the current fiscal year, or other funding sources, HHS said. The National Institutes of Health (NIH) will be able to continue research and clinical activities, for example, while the Food and Drug Administration maintains such measures as drug and medical device reviews. But as [research](#) has shown, gaps in agencies' abilities to operate can accumulate quickly as shutdowns persist.

As of late this week, a partial shutdown of at least several weeks' duration seemed almost inevitable amid a pronounced impasse on fiscal 2024 spending. The House of Representatives rebuffed a Senate bipartisan deal on a continuing resolution that would fund the government at current levels through November 17. But House Democrats and many House Republican members reject an alternative being cobbled together by Speaker of the House Kevin McCarthy (R-CA), which would cut federal spending by 8 percent for multiple government agencies and include border security measures.



## **Outlook Still Cloudy on 2024 Medicare Physician Payment Changes**

The many complex changes in Medicare physician fees set forth in CMS's 2024 proposed fee schedule are likely to be finalized by the agency soon, with overall fee cuts for most physicians likely. As that prospect nears, conversations are beginning in Congress about a potential "doc fix" – a common year-end ritual in which lawmakers step in to lessen the pain.

One element that seems likely to be adopted in the final CMS fee schedule is driving much of the concern: adoption of a separate add-on payment and new code for evaluation and management visits in primary care, and longitudinal care of complex patients. Under budget neutrality provisions in law, additional expenditures in this area must be offset by other changes – which CMS has proposed through a cut in the so-called conversion factor, the number of dollars assigned to an individual Relative Value Unit that Medicare pays for a given procedure. In the face of rising medical practice costs, the collective changes augur an overall 3.4 percent cut in physician fees that at least some lawmakers would like to soften.

Physician groups such as the American Medical Association are seeking broad relief, such as a fee update equal to at least half of the so-called Medicare Economic Index, a measure of practice costs that CMS predicts will rise 4.5 percent next year. Other proposals would exempt some procedures and activities for conversion factor reductions, even as the new evaluation and management code is implemented.

The fate of any “doc fix” is merely speculative at this point, amid shutdown uncertainties and an anti-spending backlash from many Republicans. There is also a limited menu of other budget “offsets” that could be used to pay for physician fee cut relief.

APG will continue to follow the issues and keep member organizations apprised of developments.



## **Medicare Advantage, Part D Plans to be Available in 2024 with More Benefits, Roughly Level Premiums**

As Medicare’s open enrollment period looms, Medicare Advantage and Part D plan choices, premiums, benefits, and deductibles will remain fairly stable in 2024 relative to 2023, CMS has announced. The outlook should come as reasonably good news for patients of APG member organizations as they make their plan elections from October 15 through December 7.

The average monthly premium for all MA plans, including MA Prescription Drug plans, is projected to increase by 64 cents or 3.6 percent (from \$17.86 in 2023 to \$18.50 in 2024). Most enrollees who choose to stay in their current plan will experience little or no premium increase for next year, with nearly 73 percent of beneficiaries not seeing any premium increase at all. MA supplemental benefit offerings will increase slightly in 2024. As a result, MA enrollment – already accounting for more than half of eligible Medicare beneficiaries – is projected to continue to grow.

In other news, CMS announced that more than 1,500 MA plans will participate in the CMS Innovation Center’s [MA Value-Based Insurance Design \(VBID\) Model](#) in 2024. The model is testing the effect of offering benefits that can address a wide range of needs, such as food and nutrition benefits, as well as a hospice benefit for persons needing end-of-life care. The VBID Model offers MA plans the flexibility to target these benefits to people with chronic conditions or low incomes and is expected to serve a projected 8.7 million people.

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Valinda Rutledge, EVP, Advocacy and Education ..... [vrutledge@apg.org](mailto:vrutledge@apg.org)  
Jennifer Podulka, Vice President, Federal Policy ..... [jpodulka@apg.org](mailto:jpodulka@apg.org)  
Garrett Eberhardt, Executive Director, Medicaid Policy ..... [geberhardt@apg.org](mailto:geberhardt@apg.org)  
Greg Phillips, Director of Communications ..... [gphillips@apg.org](mailto:gphillips@apg.org)