



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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Congress Averts Shutdown, Temporarily Extends Health Programs

Eleventh-hour [legislation](#) enacted late last week will maintain federal government operations through November 17 and temporarily extend funding for key health programs that expired on September 30. Programs receiving this temporary lifeline included community health centers, the National Health Service Corps, and Teaching Health Center Graduate Medical Education.

Hospitals also were spared further cuts in disproportionate share payments at least until the so-called continuing resolution expires in about six weeks. Other key health care provisions, however, didn't make the cut, such as the [SUPPORT for Patients and Communities Act](#), which funds opioid use disorder treatment, prevention, and recovery and which also expired September 30. Reauthorization of the law now presumably awaits agreement on a longer-term spending deal for fiscal 2024.

Amid the ouster of Speaker of the House Kevin McCarthy (R-CA) and the battle to succeed him, prospects for reaching that broader deal by the November deadline are at best highly uncertain. In Congress, a new round of wagering has begun over the likelihood that yet another continuing resolution will be enacted before agreement on a final package is struck.



Options for Medicare Physician Payment Update Examined by MedPAC

The Medicare Payment Advisory Commission (MedPAC) kicked the tires on the current method of updating Medicare physician payments and examined various alternatives at its October 5 public meeting. But the options under consideration appear to fall short of those sought by many physician groups.

The discussion took place against the backdrop of more looming cuts in Medicare physician payment and a financial squeeze on clinicians worsened by rapid practice cost growth. MedPAC commissioners examined several alternatives, such as updating physician payment rates to reflect a portion of input cost inflation, such as practice expenses; implementing MedPAC's standing recommendation to reduce Outpatient Prospective Payment System rates for certain services in the interest of greater site neutrality of payment; and creating an expert panel to identify overvalued procedure codes and review suggested code values to discourage provision of low-value care or overvalued services. They also discussed extending, revising, or getting rid altogether of the bonus for clinician participation in Advanced Alternative Payment Models (AAPMs), which was originally set at 5 percent by the 2015 MACRA law but reduced to 3.5 percent and extended for just one year in December 2023.

Much of the presentation made to commissioners by MedPAC staff implied that at least some payment constraint should remain intact. A key focus is the Medicare Economic Index (MEI), the measure of practice cost inflation that is used to establish Medicare physician payment updates. The 2023 increase in the MEI is 3.8 percent, but as it did last year, MedPAC staff argued that an equivalent update in physician fees wasn't needed to maintain physicians' participation in Medicare and thus ensure beneficiaries' access to care.

MedPAC staff repeated its longstanding contention that physicians have increased their Medicare spending far faster than the MEI by increasing the volume and intensity of services that they provide. In response, commission chair Michael Chernew joined other commissioners in asking for analyses of the different patterns exhibited by primary care providers and behavioral health care professionals versus specialists.

MedPAC will make its final recommendations for 2024 Medicare physician updates in its March report next year. APG will continue to track its deliberations and provide updates.



APG Announcements and Offerings

- APG will host two Deep Dive webinars this month. One on **“Medicare Advantage – How to Prepare for 2024”** will take place on Wednesday, October 25, at noon ET. Register for the meeting [here](#). Another on **“CMS's new Guiding an Improved Dementia Experience (GUIDE) Model”** will occur on Thursday, October 26, at 3:00 pm ET. Register for that meeting [here](#).

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