



November 17, 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.

Table of Contents

- **Key Health Programs Gain Extension In Stopgap Spending Bill**
- **Health Package Moves To House Energy & Commerce Committee**
- **Some Flexibility In Medicaid Eligibility Rules Proposed For States**
- **APG Announcements And Offerings**



Key Health Programs Gain Extension In Stopgap Spending Bill

An extension until January 19 of federal funding for community health centers (CHC), Medicaid disproportionate share hospital payments, and graduate medical education funding were among health care provisions in a [continuing resolution](#) (CR) signed into law by President Biden today. In the unprecedented two-step process created by the measure, other funding, including for the Department of Health and Human Services (HHS) and the Food and Drug Administration (FDA), will last through February 2. Congress will thus face two deadlines early in 2024 to determine the contours of these health programs in fiscal 2024, as well as to assemble whatever final spending packages will be adopted for the year.

The measure contained no provisions to blunt scheduled cuts in Medicare physician fees or to extend the Medicare bonuses for clinicians participating in Advanced Alternative Payment Models (AAPMs). However, key House committees are expected to pursue a year-end health care legislative package once Congress returns from its Thanksgiving holiday recess, as detailed below.



Health Package Moves To House Energy & Commerce Committee

A package of 21 measures, ranging from major reforms in the Medicare Physician Fee Schedule (MPFS) updates, to prompting more transparency in Medicare Advantage and pharmacy benefit manager arrangements, will be taken up by the House Energy and Commerce Committee in early December following a committee markup this week.

Cost estimates for many of the provisions have not yet been developed, so the provisions could change as the costs become clear and the package evolves. Nonetheless, many could form a large part of a year-end House package of health care provisions that could either be folded into a major spending package or enacted separately.

Three provisions are likely to be of central interest to APG members, as follows:

- **MPFS changes that could ultimately ease the way for substantial physician payment relief.** As reported in [Washington Update](#) on October 13, 2023, the measure would as of 2025 alter the “budget neutrality” provision of the fee schedule that forces offsets if some fees are raised, by hiking the threshold that triggers the budget neutrality provision from spending increases of \$20 million to \$100 million. The method for calculating so-called Relative Value Units (RVUs) to support physician payments would be altered by more frequently and accurately updating practice costs related to prices, such as those for labor, supplies, and equipment.

Also changed would be the method of calculating the so-called Conversion Factor — the number of dollars assigned to an RVU to determine final payment rates — by also allowing a retrospective look at whether prior projections of fee schedule changes and related costs were accurate. Finally, the overall MPFS would also eventually be tied to the Medicare Economic Index (MEI), a measure of physicians’ operating costs.

- **Extension of the Advanced Alternative Payment Model (AAPM) bonuses until performance year 2026,** but with a twist that would effectively shrink them in proportion to how long clinicians had been participating in the models and collecting them. The bonuses — now 3.5 percent — would be extended three more years, but clinicians could only collect them along a sliding scale — 1/3 of that amount, or 1.15 percent, for clinicians participating in AAPMs for seven years, up to the full amount for clinicians in AAPMs for 4 years. By contrast, as previously reported, the Senate Finance Committee has advanced a proposal to extend

the bonus for just performance year 2024 at 1.75 percent.

- **Requiring more transparency on supplemental benefits in Medicare Advantage (MA).** Beginning in 2027, MA plans would have to submit to the Secretary of Health and Human Services information on the supplemental benefits received by each MA enrollee. The data required would include the national provider identifier (NPI) number of the clinician ordering the service provided under the supplemental benefit; the payment amount received for the service; and the total out-of-pocket cost paid by the enrollee for the benefit. The measure appears designed to flesh out the understanding of supplemental benefits, which have proved to be a growing source of attraction for MA enrollees.



Some Flexibility In Medicaid Eligibility Rules Proposed For States

States could gain greater leeway not to count certain types of income toward eligibility for Medicaid among certain subpopulations through a [proposed rule](#) that the Centers for Medicare and Medicaid Services unveiled this week. The change would allow states to disregard some income for people within some eligibility categories — for example, people with disabilities who have been able to save some earned income — without applying the disregard generally across an eligibility group.

The measure could allow more people to qualify for or retain Medicaid coverage, particularly as they moved from one category of eligibility to another. Comments on the proposed rule are due on January 8.



APG Announcements And Offerings

- APG will host an educational webinar on the 2025 Medicare Part C & D Proposed Rule (Monday, December 4 at noon ET; register [here](#)).
- APG will host two focus groups to gather members' input for comment letters on the Information Blocking Proposed Rule (Wednesday, November 29, at noon ET; APG members can register [here](#)) and on the 2025 Medicare Part C & D Proposed Rule (Tuesday, December 19 at noon ET; APG members can register [here](#)).
- APG will host an Emerging Trends in Health Care webinar on Thursday, November 20 at 2:00 pm ET. Valinda Rutledge will interview Frederick Isasi, JD, MPH, Executive Director of Families USA (FUSA) on "What the American Public Really Wants from Its Health Care Providers." Register [here](#).

- As APG discussed in a webinar on October 26, CMS has introduced a new Guiding an Improved Dementia Experience (GUIDE) Model, and this week opened the [Request for Applications \(RFA\) portal](#). Applications are due by January 30, 2024.

Washington Update will not publish next week due to the Thanksgiving holiday. It will return on Friday, Dec. 1, 2023.

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

Valinda Rutledge, EVP, Advocacy and Education vrutledge@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