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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

- **Physician Payment Measures Up In Air As Government Funding Deadlines Loom**
- **Medicare Physician Fee Updates Should Reflect Inflation, MedPAC Says**
- **First Chief Competition Officer At Health And Human Services To Address Consolidation In Health Care**
- **Elevance Sues CMS Over Drop In Medicare Advantage Star Ratings**
- **APG Announcements and Offerings**



## Physician Payment Measures Up In Air As Government Funding Deadlines Loom

With Medicare physician fee cuts for 2024 now in effect as of January 1, negotiations continued in Congress this week over whether measures to blunt these cuts would be part of a fiscal 2024 spending package. Also up for discussion: A modest one-year extension, at 1.75 percent, of the Advanced Alternative Payment Model (AAPM) bonus for clinicians participating in AAPMs.

Key lawmakers backing both provisions — including members of the House Republican Doctors' Caucus — met this week with House Speaker Mike Johnson (R-LA) to plead their case. If the measures move forward, they could become part of one of two possible fiscal 2024 spending packages that may come together in the coming days.

A key issue remains finding budgetary offsets — in other words, the money — to pay for a lessening of the Medicare physician fee cuts and the extension of the AAPM bonus. One possible source is a **[\\$1.8 billion pot that Congress set aside](#)** in the Medicare Trust Funds to make various

"improvements" in the program, which can include raising providers' fees.

**Partial shutdown threat:** In the meantime, January 19 looms as the deadline for passing appropriations bills funding four federal departments and other spending that would otherwise expire, such as for community health centers. A second could come by February 2, the deadline for passing an appropriations bill funding the departments of Labor and Health and Human Services.

Congress's ability to meet these deadlines has been cast into doubt by sharp differences among House Republicans over spending levels, U.S. border protections, and other matters. If one or the other of these deadlines is not met, partial shutdowns of unfunded departments could result. It's also possible that Congress could elect to push these deadlines further, into March or beyond.

APG will continue to monitor the ongoing negotiations and potential legislative changes and keep members informed on developments.



## **Medicare Physician Fee Updates Should Reflect Inflation, MedPAC Says**

Congress should take inflation into account when setting payment updates for physicians in 2025, the Medicare Payment Advisory Commission (MedPAC) recommended this week. As reported in [Washington Update](#) last month, MedPAC followed up on its recommendation in the March 2023 Report to Congress that physicians receive an annual update to the base payment rate equal to half of the Medicare Economic Index (MEI), which measures inflation in input costs for physicians.

MedPAC's recommendations fall short of measures sought by multiple physician groups, which seek an annual update equal to the full MEI, projected to be 4.6 percent in 2024. But the proposal reflects a more positive update than options currently under consideration by Congress for 2024 and could help to fuel consideration of broader reforms in Medicare physician payment and more generous updates for next year.



## **First Chief Competition Officer At Health And Human Services To Address Consolidation In Health Care**

Stacy Sanders, a former Senate staffer who until recently oversaw implementation of the Inflation Reduction Act, is now [the first Chief Competition Officer](#) within the Department of Health and Human

Services (HHS). Her appointment to the new post this week underscores the Biden Administration's ongoing concern over consolidation and competition in the health care sector.

In the new role, Sanders will work with the Federal Trade Commission (FTC) and Department of Justice (DOJ) to promote competition and address concentration in health care markets. The FTC and DOJ will also be adding new health care counsel positions to buttress these efforts.

The establishment of the new position comes amid a recent [spate of multi-agency moves](#) to block health care mergers and other actions deemed anticompetitive. As previously reported in [Washington Update](#), the FTC and DOJ also recently adopted new merger guidelines that could toughen their anti-consolidation efforts. And HHS and many in Congress are pressing for greater transparency of ownership of health care entities to shed further light on consolidation trends. Last month, the Centers for Medicare & Medicaid Services released ownership data on Federally Qualified Health Centers and rural health clinics, and it plans further moves to enhance various forms of data transparency in Medicare Advantage in 2024.



## **Elevance Sues CMS Over Drop In Medicare Advantage Star Ratings**

Elevance Health and several of its subsidiaries last week sued CMS over policy changes that lowered 2024 Star Ratings and bonus payments for many Medicare Advantage plans — including theirs, which were among the hardest hit. As previously reported in [Washington Update](#), due to [changes CMS adopted](#), the average Star Rating for MA plans fell from 4.14 in 2023 to 4.04 in 2024, and the share of plans earning 4 stars or more – the threshold for earning quality bonuses – fell from 51 percent in 2023 to 42 percent.

Elevance, which argues that technical changes that led to the Star ratings declines were unlawful, has said that it faces a \$500 million drop in bonus payments as a result. APG will monitor the lawsuit's progress and any other potential legal actions brought by MA plans.



## **APG Announcements And Offerings**

- APG submitted a [comment letter](#) in response to the Centers for Medicare & Medicaid Services' [proposed rule](#) for the Medicare Advantage and Part D programs.

- APG will host an Emerging Trends in Health Care Webinar with guest Adam Boehler on Monday, January 22, at 12:30-1:00 pm ET. Register [here](#).
- As APG discussed in a webinar on October 26, CMS has introduced a new Guiding an Improved Dementia Experience (GUIDE) Model and has opened the [Request for Applications \(RFA\) portal](#). Applications are due by January 30, 2024.
- Registration is open for the APG Spring Conference 2024, May 29-31, in San Diego. APG members can save \$300 with the Super Early Bird rate (February 29 deadline). Register [here](#).



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