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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

- **APG Examines Medicare Advantage Payment Update, Ongoing Risk Model Phase-In Proposed By CMS**
- **APG To Mobilize Members To Respond To Broad Request For Information On Medicare Advantage**
- **New Cell And Gene Therapy Treatment Model Set For Medicaid**
- **Site-Neutral Medicare Payment Policies Still An Objective For Many In Congress**
- **CMS Announces First Negotiated Drug Prices As Pivotal Court Case Looms**
- **APG Announcements and Offerings**



APG Examines Medicare Advantage Payment Update, Ongoing Risk Model Phase-In Proposed By CMS

APG and other stakeholders are poring over the new [Medicare Advantage \(MA\) and Part D Advance Notice](#) released this week by the Centers for Medicare & Medicaid Services (CMS). On one hand, APG has [welcomed](#) the fact that the agency proposes no major new risk adjustment model changes beyond those announced last year, which are being phased in during 2024-25. On the other, potential areas of concern remain — such as a proposed payment update that CMS says will result in an average 3.7 percent revenue increase across plans.

Policy Stability: Since APGs members care for approximately 1 in 3 Medicare Advantage enrollees, and therefore receive revenues from MA plans for providing care, APG has launched a process of gathering members' input for a comment letter due back to the agency by March 1.

The absence of additional major risk adjustment model changes in the new Advance Notice means that there will be a form of policy stability as the current set of changes — known as Version 28 of the model — is phased in. Many plans, however, anticipate a real bite from the changes, and CMS has asked APG to forward any information about how, if at all, these cuts translate into a discernible impact on patients.

At the same time, CMS anticipates that the average plan will increase its reported diagnoses for risk scores by 3.86 percent, and therefore that average revenue across plans will increase by 3.7 percent. But the problem with averages is that plans whose experience does not match the average could face flat or falling revenue.

To delve into these and other details of the Advance Notice, APG will offer two virtual events this month, as below:

- An educational webinar to walk through the Advance Notice in depth, on Tuesday, February 13, 3:00 - 4:00 pm ET. Register [here](#).
- An APG-member-only focus group to gather input for APG's comment letter on Tuesday, February 20, noon -1:00 pm ET. Register [here](#).

In the meantime, APG members are also welcome to contact and share their feedback with Jennifer Podulka, APG's Vice President for federal policy, at jpodulka@apg.org.



APG To Mobilize Members To Respond To Broad Request For Information On Medicare Advantage

APG members with insights about key components of the Medicare Advantage (MA) program will have the opportunity to relay them to the Centers for Medicare & Medicaid Services (CMS). The agency recently released an expansive request for information (RFI) to solicit stakeholder input on these areas:

- MA enrollees' access to care, care quality, and outcomes;
- prior authorization;
- provider directories and networks;
- supplemental benefits;
- MA plan marketing,
- value-based care arrangements and equity,
- healthy competition in the market, including the effects of vertical integration on payment, and
- improving MA data collection and sharing.

APG will hold several focus group sessions throughout the spring to gather member input for a comment letter to CMS. Dates and other

details will be featured in future editions of *Washington Update*. Comments are due back to the agency by May 29, 2024.



New Cell And Gene Therapy Treatment Model Set For Medicaid

Many Medicaid beneficiaries with sickle cell disease may soon have coverage for transformative cell and gene therapies through a new Centers for Medicare & Medicaid Services (CMS) program, if the state in which they live elects to participate. CMS this week [announced](#) a new voluntary, multi-year [Cell and Gene Therapy \(CGT\) Access model](#) that will engage both pharmaceutical manufacturers and interested states in assuring access to these therapies — two of which the U.S. Food and Drug Administration [approved](#) last December. An estimated 100,000 Americans have sickle cell disease, and half or more are enrolled in Medicaid.

Under the model, CMS will first strike so-called [outcomes-based agreements](#) with pharmaceutical manufacturers, which will tie the payment they receive to patients' outcomes, and result in manufacturers being paid more if a therapy succeeds. States that apply to participate will then pay for the therapies under these negotiated arrangements. CMS will also provide states with funding to support “activities that promote equitable access to care,” the agency says. In the states that participate, coverage will be available both through Medicaid managed care and fee-for-service beneficiary populations.

The novel payment and coverage arrangement may be a future template for providing coverage through Medicaid to other transformative therapies that are now in the pharmaceutical development pipeline, such as for cancers and hemophilia. APG members interested in seeing expanded access to these therapies for Medicaid beneficiaries should contact their state's Medicaid agency to urge state participation in the new model.



Site-Neutral Medicare Payment Policies Still An Objective For Many In Congress

As previously reported in [Washington Update](#), a relatively narrow “site-neutral” provision to equalize payment for administering drugs in hospital outpatient departments and other facilities, such as doctors' offices, passed the House of Representatives last December. Although the provision's fate is uncertain, the House Energy and Commerce Committee — which authored the [Lower Costs, More Transparency Act](#)

containing the provision — signaled this week that it wants to go further to explore a broader range of site-neutral payment policies.

At a panel [hearing](#) this week examining factors contributing to high health care costs, several witnesses described situations in which patients were unable to choose lower cost care settings due to the lack of transparency about differential prices, and the absence of site-neutral payment policies. “These site-of-service payment differentials drive care delivery from physician offices to higher-cost hospital outpatient departments,” said one witness, Sophia Tripoli, senior director of health policy for the nonprofit advocacy organization Families USA. She said that the result is a chain reaction that leads hospitals to buy physician offices to secure higher payments, thus fostering more unhealthy consolidation in the health care system.

Estimates vary regarding the potential savings from implementing a broad range of site-neutral payment policies in Medicare, but one 2021 estimate pegged the Medicare savings at \$153 billion over ten years and as much as \$672 billion in total national health expenditures over the same period. Much of the savings would accrue to patients who face higher cost-sharing due to higher payments in hospital-based facilities. APG will continue to advocate for site-neutral payment.



CMS Announces First Negotiated Drug Prices As Pivotal Court Case Looms

Drug price negotiation within the Medicare Part D program moved to a new phase this week, as the Centers for Medicare & Medicaid Services (CMS) sent its initial price offers to pharmaceutical manufacturers for [ten of the most costly prescription drugs](#) covered by the program. As expected, the list included popular diabetes drugs such as Farxiga, Jardiance, and Januvia; the blood thinner drug Eliquis; and the rheumatoid arthritis drug Enbrel, among others.

The manufacturers now have 30 days to review CMS' offer. Negotiations will run through August 1 and final prices will be announced on September 1. Manufacturers can either accede to CMS's proposed prices; keep offering their designated drugs in Medicare and Medicaid at their preferred prices and face an excise tax; or [withdraw the drugs from coverage](#) in those programs. If CMS is successful in making its proposed prices stick, prices and cost-sharing could fall for many Medicare beneficiaries enrolled in Part D.

The release of CMS' first pricing offer came as oral arguments began in federal court in [one](#) of nine lawsuits brought by pharmaceutical manufacturers to block drug price negotiations, which were mandated under the 2022 Inflation Reduction Act. Unlike other manufacturers that have brought lawsuits on constitutional grounds, AstraZeneca, producer

of Farxiga, claims that the way CMS has implemented the negotiation program technically violates a [provision](#) of federal law governing how federal agencies make rules. The federal district court in Delaware hearing the suit is expected to rule by March 1.



APG Announcements And Offerings

- APG will host two events on the Medicare Advantage Advance Notice as below:
 - An educational webinar on Tuesday, February 13, 3:00 - 4:00 pm ET. Register [here](#).
 - An APG-member-only focus group on Tuesday, February 20, noon - 1:00 pm ET. Register [here](#).
- APG will host an Emerging Trends in Health Care Webinar with guest Rebekah Gee, MD, MPH, FACOG, Founder and CEO of Nest Health Whole Family Health on February 20, 2024, at 2:30 pm ET.
- CMS's Medicare Advantage (MA) Value-Based Insurance Design (VBID) Model team will host a webinar on the 2025 application process on Thursday, February 15, from 3:00 - 4:00 pm ET. Register for the event [here](#).
- CMS released figures showing that participation in ACOs has increased for 2024 with 13.7 million beneficiaries set to be covered under ACOs, a 3% increase. The full report may be accessed [here](#).
- Registration is open for the APG Spring Conference in San Diego from May 29-31. APG members can save \$300 with the Super Early Bird rate (February 29 deadline). Register [here](#).
- Want to get more involved in APG's Federal advocacy efforts? [Join APG Advocates today](#).



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