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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.

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APG Offers Learning Opportunity On Medicare Advantage Payment Update Proposed By CMS And Seeks Member Input

As reported in last week's [Washington Update](#), APG and other stakeholders are closely analyzing the recent [Medicare Advantage \(MA\) and Part D Advance Notice](#) from the Centers for Medicare & Medicaid Services (CMS). Key concerns center around the proposed update that CMS says will result in a 3.7 percent revenue increase across plans on average. As in past years, plans with risk coding and other factors that fall below CMS's projected average will face declining revenues. In addition, this year in particular, CMS's underlying estimate of utilization and spending trends in fee-for-service Medicare appear lower than the real-world experiences reported by APG members who report a post-pandemic rebound.

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

- **Educational webinar:** Jennifer Podulka, Vice President of Federal Policy, and Valinda Rutledge, Executive Vice President of Advocacy and Education, will walk through the Advance Notice in depth and discuss the increase in MA headwinds and MA plans' potential responses with guest experts from Milliman, on Tuesday, February 13, 3:00 - 4:00 pm ET. Register [here](#).
- **APG-member-only focus group:** Jennifer Podulka and Valinda Rutledge will meet exclusively with APG members to gather input for APG's comment letter on Tuesday, February 20, noon - 1:00 pm ET. Register [here](#).

As APG members continue to analyze the impact of CMS's proposal on their organizations, they are encouraged to contact Jennifer Podulka at jpodulka@apg.org to share feedback, insights, and any available data.



Preventive Health Services May See Increased Coverage Under Medicare And Other Programs

Access to new advanced preventive services like obesity treatments and whole-body cancer diagnostic scans could soon be within reach for Medicare beneficiaries and others if Congress passes legislation that could lessen the budgetary cost of covering these expensive services. This week, Reps. Michael Burgess (R-TX) and Diana DeGette (D-CO) saw their legislation take a [significant step forward](#) as the House Budget Committee unanimously advanced it for the House's consideration.

The [Preventive Health Savings Act \(HR 766\)](#) addresses concerns raised by stakeholders regarding how the Congressional Budget Office's (CBO's) budget scoring methodology fails to take into account the true long-term savings potential of preventive services due to limiting their outlook to a 10-year spending window. If enacted, the bill would require CBO to assess the potential for savings over 30 years upon Congressional request.

Both co-sponsors emphasized the importance of the bill, with Rep. Burgess stating, "This bill is a responsible and life-saving approach that will ensure that the government calculates the savings of preventative health." Rep. DeGette echoed this sentiment, emphasizing that allowing CBO to consider future savings would facilitate Congress's ability to expand access to innovative services aimed at preventing diseases.



Artificial Intelligence Cited As A Potential Tool For ACOs In The Future

Accountable Care Organizations (ACOs) were recognized for their potential to leverage artificial intelligence (AI) to improve health care outcomes during a recent Senate Committee on Finance [hearing](#). Senator Sheldon Whitehouse (D-RI) highlighted the state's ACOs as exemplary in delivering quality care while generating savings. Mark Sendak, MD, MPP, Co-Lead of Health AI Partnership, noted that AI applications within ACOs, particularly provider-led ones, have shown promise in predicting complications and driving revenue for further investment in technical infrastructure.

AI regulations in healthcare were also addressed. Sen. Elizabeth Warren (D-MA) urged the Centers for Medicare & Medicaid Services (CMS) to require that AI adhere to Medicare coverage guidelines before it is used to deny care. Sen. Bill Cassidy (R-LA) advocated for physician societies to lead AI model development, leveraging their clinical expertise.

Meanwhile, CMS notified health insurers that Medicare Advantage (MA) plans could use AI to assess coverage decisions, provided they comply with coverage rules and medical necessity guidelines. In a [memo](#), CMS noted, "An algorithm or software tool can be used to assist MA plans in making coverage determinations, but it is the responsibility of the MA organization to ensure that the algorithm of AI complies with all applicable rules for how coverage determinations by MA organizations are made."



Drug Shortage Hearing Results In Calls For Increased Transparency And Domestic Manufacturing

The national shortage of over-the-counter and prescription medications has been attributed to multiple factors, including Medicare regulations and an overdependence on international suppliers. This topic was discussed during a [hearing](#) before the House Committee on Ways and Means this week. The shortage has persisted for over a year, resulting in delayed or missed treatments, particularly in rural areas.

The Committee outlined some key [points](#) from the hearing:

- An excessive reliance on foreign sources for drug ingredients.
- Overreaching federal regulations leading to production shutdowns.
- Rural hospitals and physicians facing challenges due to limited inventory.
- Concerns about potential lower quality of foreign drugs.
- Physicians making difficult treatment decisions due to drug shortages.

The escalating worry over drug shortages, especially concerning low-cost and generic drugs, remains a pressing issue for APG members. With

rising drug costs, patients increasingly rely on generics, which are often in short supply.



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](#).
- 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](#).
- 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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