



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 Seeks Relief For Physician Groups Harmed By Change Healthcare Cyber Attack**

As the fallout from the [cyberattack on Change Healthcare](#) continues, APG this week urged the Centers for Medicare & Medicaid Services (CMS) to extend relief efforts to physicians — thereby building on the agency's earlier announcement of assistance that appeared to be primarily aimed at hospitals. APG has heard from some of its members that they are experiencing serious cash-flow issues from delayed processing of claims, and has communicated these concerns to the agency, the White House Domestic Policy Council, and members of Congress.

CMS acknowledged in a [statement](#) that it is “particularly concerned about small [physician] practices and community-based providers” and was “actively examining our authority to help support these critical providers at this time and working with states to do the same.” To assist its affected members, APG has asked CMS to take advantage of all its authorities to ensure timely payment across the board in Medicare Parts A, B, and C, as

well as in Medicaid and the Children's Health Insurance Program. It has also asked the agency to address the inability of many patients to receive timely access to medications, given disruptions in verifying patients' identities and eligibility for coverage, and to urge UnitedHealth Group (UHG), parent organization of Change Healthcare, to provide more robust financial assistance to affected health care organizations squeezed by lack of non-Medicare-related payment.

**Resolution In Sight?** In a separate [announcement](#) released this week, UHG said it would have Change Healthcare's electronic payments platform available for connection beginning March 15 and its claims network and software restored during the week of March 18. It also said that claims submission and payment transmission in its pharmacy services division had been completely restored as of Thursday.

APG will keep members apprised of further developments. Important updates on issues that APG members are still encountering should be sent to Valinda Rutledge at [vrutledge@apg.org](mailto:vrutledge@apg.org) and Jennifer Podulka at [jpodulka@apg.org](mailto:jpodulka@apg.org).



## **Doctors To Receive Slight Relief From Medicare Physician Fee Cuts**

A partial rollback of the 3.4 percent reduction in the Medicare physician fees that took effect this year is part of a scaled-down package of health legislation likely to clear Congress this week. The measure would reduce the cut to 1.72 percent prospectively beginning March 1, so that claims submitted so far in 2024 would not have to be reprocessed. Although helpful, the measure would still leave Medicare physician fees for 2024 more than 6 percent lower in inflation-adjusted terms than in 2023, given projected inflation in practice costs of 4.6 percent. The House of Representatives approved the package on Wednesday, and the Senate is expected to approve it today.

In other elements of the package, Medicare's advanced alternative payment model bonus is set to continue for just one more year – 2024 – and at just 1.88 percent, or about two-thirds of what it was when the bonus first took effect after the 2015 enactment of Medicare Access and CHIP Reauthorization Act. Funding for community health centers would rise from 2023 levels.

In addition, the first [six](#) 2024 appropriations bills, including those for the U.S. Food and Drug Administration, have passed the House and are expected to pass the Senate today. The final six, including the Labor-Health and Human Services spending bill, need to be adopted by March 22 to avoid a partial government shutdown.



## **Biden Proposes To Extend Medicare Drug Price Negotiation As Another Pharma-Backed Lawsuit Is Dismissed**

The federal government's current effort to negotiate Medicare prices for ten of the costliest drugs should cover 500 drugs over the next decade, President Biden said in his State of the Union speech this week. Declaring that "We finally beat big Pharma," Biden also said he would build on provisions of the Inflation Reduction Act (IRA) – extending to all Americans a \$2,000 annual cap on out-of-pocket drug costs scheduled to take effect for Medicare Part D enrollees next year, and the monthly \$35 cap on insulin drugs currently in effect.

The proposals appeared designed to signal Biden's intentions should he win a second presidential term and potentially face a friendlier Congress. They came just days after a federal judge in Delaware [dismissed](#) one of the nine lawsuits challenging the IRA's Medicare drug price negotiation program. The court held that pharmaceutical manufacturer AstraZeneca lacked standing to challenge the program because it had "not identified a property interest protected by the Constitution that is put in jeopardy by the Program." AstraZeneca's diabetes drug Farxiga had been selected by the government as one of the first group of ten drugs whose prices will be negotiated.

**Other lawsuits also dismissed:** Several other recent court rulings have also dealt setbacks to suits challenging the negotiation program, such as a February [decision](#) in which the Pharmaceutical Research and Manufacturers Association was a plaintiff. All of the cases have been appealed or are likely to be.

In the meantime, manufacturers of the first ten drugs selected for negotiation have submitted price [counteroffers](#) to the HHS as the negotiation process continues for the next several months. If an agreement is reached on a so-called maximum fair price, the new negotiated prices will be published by September 1 and take effect in 2026.



## **Biden Administration Establishes New Strike Force On Unfair And Illegal Pricing**

Health care prices and market consolidation could face heightened scrutiny from a new inter-agency [Strike Force on Unfair and Illegal Pricing](#) launched by the Biden Administration. In announcing the

strike force, which is co-chaired by the Department of Justice (DOJ) and the Federal Trade Commission (FTC), the administration pointed to a series of actions already taken or under way, such as its [request for information](#) on increasing transparency in Medicare Advantage. In addition, the administration took these recent steps:

- The FTC held a virtual [workshop](#) examining the role of private equity investment in health care markets. FTC Chair Lina Khan highlighted concerns that the “growing financialization in the health care industry can force medical professionals to subordinate their medical judgment to corporate decision-makers, profit motives at the expense of patient health.”
- The White House hosted a [roundtable](#) with leaders from across state government, the private sector, and community pharmacies to discuss the Administration’s efforts to lower health care costs and ideas for bringing transparency to prescription drug “middlemen.”



## APG Announcements And Offerings

- Registration is open for the APG Spring Conference in San Diego from May 29-31. Register [here](#).
- APG will host an Emerging Trends in Health Care Webinar, **How Behavioral Economics And AI Can Enhance Patient Care**, with guest Amol Navathe, MD, PhD, Associate Professor of Health Policy and Medicine at the University of Pennsylvania, and MedPAC Vice Chair, on March 13, 1:00 – 1:45 pm ET. Register [here](#).
- Want to get more involved in APG’s Federal advocacy efforts? [Join APG Advocates today](#).



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Valinda Rutledge, EVP, Advocacy and Education ..... [vrutledge@apg.org](mailto:vrutledge@apg.org)  
Jennifer Podulka, Vice President, Federal Policy ..... [jpodulka@apg.org](mailto:jpodulka@apg.org)  
Garrett Eberhardt, Executive Director, Medicaid Policy ..... [geberhardt@apg.org](mailto:geberhardt@apg.org)  
Greg Phillips, Director of Communications ..... [gphillips@apg.org](mailto:gphillips@apg.org)

