



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

- **Change Healthcare Postmortem: Too Little Help, Too Late**
- **Overpayments To Medicare Advantage Plans A Key Focus Of House Hearing**
- **CMS Innovation Center Returns To The Mandatory Model Approach**
- **APG Announcements And Offerings**



Change Healthcare Postmortem: Too Little Help, Too Late

Nearly two months after the February 21 Change Healthcare cyberattack, the after-action report on the response is grim. Here's what members of the House of Representatives and witnesses said at a [hearing](#) before an Energy and Commerce health subcommittee this week:

- **Payers should have acted far more quickly to assist providers harmed by payment disruptions.** "The federal government did not step in for weeks," said John Riggi, a cybersecurity adviser for the American Hospital Association, who pointed out that it took 18 days for the Centers for Medicare & Medicaid Services to begin allowing providers to apply for advanced and accelerated payments. Even as UnitedHealth Group has extended more than \$6 billion in loans to providers, private insurers in general have also dragged their feet. Rep. Diana Harshbarger (R-TN), who is a licensed pharmacist, suggested that insurers could have stepped in faster to offer advanced payments to providers based on historical payment averages.
- **The health care system's cybersecurity is better than it once was, but still needs massive improvement.** "What scares me is

that this is just the tip of the iceberg as to what bad actors could do to our health infrastructure,” said Rep. Bob Latta (R-OH). Witnesses said more action and funding is needed to implement the Department of Health and Human Services’ [Cybersecurity Performance Goals](#), as well as the [Healthcare and Public Health Sector Coordinating Council’s](#) (HSCC) five-year strategic cybersecurity [plan](#).

The HSCC’s Greg Garcia, executive director for cybersecurity, said a comprehensive mapping and risk assessment of the nation’s “critical services and utilities – such as Change Healthcare – that support the many essential dependencies across the healthcare ecosystem” was a crucial next step. “The health industry must be sensitized to the imperative that cyber safety is patient safety,” he said, adding that the goal must be to erect a “911 cyber civil defense capability to lead incident response and recovery [that] is reflexive and always on.”



Overpayments To Medicare Advantage Plans A Key Focus Of House Hearing

The calculus that Medicare spends 20 percent more per beneficiary on Medicare Advantage (MA) versus traditional Medicare warrants further reforms in MA risk adjustment, Michael Chernew, chair of the Medicare Payment Advisory Commission (MedPAC), told a House [hearing](#) this week. The issue was one of many identified as a source of “improper payments” in government health programs now being examined by the oversight and investigations subcommittee of the House Energy and Commerce Committee.

Chernew told the panel that MedPAC “contends that under the right policies, MA plans could serve as vehicles to manage spending and improve the quality of care more effectively than the fragmented [fee-for-service] system” of traditional Medicare. “But the policies that govern how MA plans are paid are flawed and prevent that value from materializing,” he said.

Flawed approach: The main flaw is the MA risk adjustment model, Chernew said, which contains a perverse set of incentives in contrast to those in the traditional program. Whereas providers in traditional Medicare have little incentive to code for diagnoses, providers and plans in MA have, if anything, too much, since payment can increase with the number and type of diagnostic codes employed. MedPAC points the finger particularly at diagnoses derived from [chart reviews](#) and [health risk assessments](#) (HRAs), which it maintains drive about half of coding intensity and constitute “primary factors driving coding differences among MA plans,” Chernew said. As a result, MA risk scores are an estimated 11 percent higher than they would be if the same beneficiaries were enrolled in traditional Medicare.

MedPAC has previously recommended not including diagnoses from HRAs and chart reviews in MA risk adjustment as one of several needed reforms. This and other recommendations may well form the basis of ongoing changes to the MA payment model in 2025 and beyond. APG will keep its members apprised of developments and advocate for policies that don't impede care delivered to the roughly 1 in 3 MA beneficiaries who are patients of APG's member groups.



CMS Innovation Center Returns To The Mandatory Model Approach

It has been some years since the Center for Medicare and Medicaid Innovation has launched a so-called “mandatory” model compelling a group of providers to test new care delivery and payment approaches in Medicare, rather than encouraging them to join “voluntary” programs. Now, building on lessons learned from mandatory models such as the [Comprehensive Care for Joint Replacement Model](#), the Innovation Center has announced a new mandatory episode-based model to be tested in an as-yet unnamed group of acute care hospitals, with equally mandatory linkages back to primary care.

The [Transforming Episode Accountability Model \(TEAM\)](#) model will require bundling of surgical treatments for lower extremity joint replacement, surgical hip femur fracture treatment, spinal fusion, coronary artery bypass graft, and major bowel procedures. All hospitals selected for inclusion in the model will be required to “refer patients to primary care services to support patient continuity of care and positive long-term health outcomes,” CMS says. The model is scheduled to launch on January 1, 2026, and run for five years, ending on December 31, 2030. APG will hold a briefing for members when more details – likely to be forthcoming in future rulemaking – are announced.



APG Announcements And Offerings

- APG will host a members-only informational webinar on the **2025 MA and Part D Final Rule** on Monday, April 29, 12:00 – 1:00 pm ET. Register [here](#).
- APG will host two members-only focus groups on the **Medicare Advantage Request for Information**: the first on Wednesday, April 24, 12:00 - 1:00 pm ET (register [here](#)) and the second on Thursday, May 2, 12:00 - 1:00 pm ET (register [here](#)).

- APG will host an **Emerging Trends in Health Care Webinar** on May 16, 12:00 pm – 12:45 pm ET, with guest Rebekah Gee, MD, CEO of Nest Health. Register [here](#).
- Registration is open for the **APG’s Spring Conference** in San Diego from May 29-31. Register [here](#).
- Want to get more involved in APG’s Federal advocacy efforts? [Join APG Advocates today](#).

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