



March 21, 2025

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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## **Staffing Tug-of-War Continues As Major Cuts Reportedly Loom At Multiple Health Agencies**

Key agencies within the U.S. Department of Health and Human Services (HHS) focused on health information technology, health services research, and the health care workforce are among those [reportedly targeted](#) for major staffing reductions and reorganization as the Trump administration continues its efforts to downsize the federal government. The workforce exodus that would result appears to be at odds with the recent [court-ordered rehiring](#) of thousands of fired probationary federal workers, and also jeopardizes multiple federal activities of interest and concern to APG and other health care stakeholders.

Reportedly on the chopping block are staff within the [Assistant Secretary for Technology Policy \(ASTP\)](#), a division newly created under the Biden administration to house both the Office of the National Coordinator for Health Information Technology (ONC) and health-related artificial intelligence activities. (The Trump administration recently jettisoned an ASTP strategic plan for AI released in the Biden administration's final days.) ONC oversees the certification of electronic health record technology for meeting standards for security, functionality, and interoperability. According to *Politico*, the entire tech office at HHS could be cut to as few as 30 people, at a time when the health sector is being revolutionized by the use of AI.

**History repeating itself?** Also reportedly targeted for deep cuts is the [Agency for Health Care Research and Quality \(AHRQ\)](#), the government entity that undertakes or funds health services research – the investigations into how health care is structured and provided, as well as how to make it more affordable, equitable, safe, and effective. Although AHRQ and its predecessor agency have long been [a conservative punching bag](#), at least several Congressional Democrats are once again riding to its defense – arguing in a [letter](#) to HHS Secretary Robert F. Kennedy, Jr., that AHRQ-funded research “not only improves health but also increases the efficiency of and effectiveness of our healthcare system, saving the government billions of dollars annually.”

Meanwhile, the Health Resources and Services Administration (HRSA) is also slated for downsizing – raising questions about what the move portends for the agency that [funds](#) the nation's 1,400 health centers, [administers](#) the Ryan White HIV/AIDS Program that provides comprehensive care for people with HIV, and runs the [National Health Service Corps \(NHSC\)](#), which supports more than 17,000 primary care medical, dental, and behavioral health providers through scholarships and loan repayment programs. It is unclear which of these functions would remain housed at HRSA or operationally functional following large staff cuts.

APG will track these and other potential HHS developments and advocate strongly for preserving staffing and agency activities that benefit the health care system.



## **Partial Physician Payment Update For Practice Cost Inflation, Attention To Medicare Advantage Costs Highlighted In New MedPAC Report**

As expected, the Medicare Payment Advisory Commission advanced an earlier recommendation to adjust the Medicare Physician Fee Schedule

(MPFS) for a portion of practice cost inflation and warned again of fiscal threats in growing Medicare Advantage (MA) costs in its March 2025 biannual [report](#) to Congress.

The two-part MPFS change, which MedPAC also proposed earlier this year ([Washington Update – January 17, 2025](#)), calls for updating the fee schedule by the projected increase in the [Medicare Economic Index](#) minus one percent for 2026. It would also create an add-on payment in the fee schedule for services delivered to low-income Medicare beneficiaries. If Congress were to adopt these recommendations, fee schedule revenue would increase by 3 percent above current law for the average clinician, although actual increases would vary by specialty. The average primary care clinician would receive a 5.7 percent increase.

**Spending drivers:** As in the commission's past reports, MedPAC expressed both a strong commitment to the MA program along with concerns about overpayments and excessive spending that drive up overall Medicare costs. MedPAC again cited two primary drivers: “favorable selection” – a murky mix of factors that means that MA enrollees appear to be healthier than their actual risk scores indicate – and the more intensive recording of diagnostic codes for MA enrollees for the purposes of risk adjustment compared to those in traditional Medicare. MedPAC also notes significant differences in “coding intensity” across MA plans, ranging from those that fall well below the annual 5.9 percent adjustment built into the program, to those whose coding is more than 20 percent higher than in traditional fee-for-service Medicare.

These forces help to generate per-beneficiary payments from the government to MA plans projected to be 20 percent higher in 2025 than costs for covering the average traditional Medicare enrollee. MedPAC says that this higher MA spending and growing enrollment in the program will “worsen Medicare’s fiscal sustainability.” In driving up overall Medicare costs, it also results in Part B premiums that will be \$13 billion higher in 2025 for all Medicare enrollees, the commission says.



## **APG Board Members Stress Benefits Of Value-Based Care Strategies In Medicare In Meetings With Key Congressional Staff**

The superior patient outcomes achieved by APG member organizations in select Medicare Advantage arrangements was a core topic in meetings that APG’s leadership held with key Congressional health staff this week. The discussions highlighted two recently published research articles that demonstrated these effects for both [patients](#)

[cared for under two-sided risk arrangements in MA](#) and the [traditional Medicare patients](#) who also benefit.

President and CEO Susan Dentzer; Valinda Rutledge, executive vice president for policy and advocacy; and Jennifer Podulka, senior vice president for federal policy, led a group of seven APG board members in meetings with key health staff from the House GOP leadership's office, the Energy and Commerce Committee, and the House Ways and Means Committee. "The staff members were very interested and took copious notes," said Dentzer, noting that they appeared eager to understand how the particular MA arrangements enabled APG member organization to practice care differently and achieve the stronger outcomes for patients.

**Other health concerns:** The group also shared perspectives on multiple health care priorities for this year, ranging from further extension of Medicare telehealth payment flexibilities beyond the current September 30 expiration date to the prospect of rolling back the 2025 Medicare physician fee cuts.



## In Case You Missed It

- **The health care sector should be on alert in the wake of an X post "related to a coordinated, multi-city terrorist attack on hospitals in the coming weeks,"** according to an alert from the American Hospital Association and the Health Information Sharing and Analysis Center (Health-ISAC). The X post reportedly suggested that "primary targets are mid-tier cities with low-security facilities." The alert said that security teams "should review emergency management plans and spread awareness of the potential threat internally."
- **Officials at the National Institutes of Health have told scientists to remove references to mRNA vaccines** in grant applications, according to KFF Health News – adding to fears about the growth of anti-vaccine policies within the federal government.
- APG will host **a focus group for its member organizations on the Proposed Rule for the ACA Marketplace** on Wednesday, April 2, 3:00pm – 4:00pm ET to help inform APG's recommendations to CMS in its comment letter. Members wishing to register for the focus group should contact Jenifer Callahan at [jcallahan@apg.org](mailto:jcallahan@apg.org).



## APG Announcements And Offerings

- APG will host an **Emerging Trends in Health Care Webinar** TODAY at **4:00 pm – 4:45 pm ET** with guest [Seema Verma](#), Executive Vice President and General Manager of Oracle Health and Life Sciences, and former CMS Administrator. Register for the webinar [here](#).
- The next APG Hosted Webinar, "**Guardant Shield – The Revolutionary Liquid Biopsy for Colorectal Cancer Screening**," will take place on **Monday, March 24, 3:00 pm - 4:00 pm ET**. The webinar will be presented by Guardant. Register [here](#).
- Another APG Hosted Webinar, "**Ready or Not, Here They Come! Delivering Value-Based and Patient-Centered Care for an Aging Population**," will take place on **Wednesday, April 23, 3:00 pm - 4:00 pm ET**. The webinar will be presented by Altura. Register [here](#).
- Registration is now open for the [APG Spring Conference 2025](#) — **Kickstarting Accountable Care: Innovations for an Urgent Future, May 14-16, in San Diego, CA**. Groups of 5 or more that register together receive an additional \$50 savings per registrant. **New this year: bundle your savings!** All APG Spring Conference 2025 registrants will have an opportunity to register for the APG Fall Conference 2025 at the lowest price of the year, with discounts up to \$400. Simply follow the link on your Spring Conference confirmation e-mail to register for Fall now!
- Sponsorship is open for the **APG Spring Conference 2025**, May 14-16, in San Diego. Visit our [Spring Conference 2025 sponsor website](#) and reserve your space today!
- Want to get more involved in APG's Federal advocacy efforts? [Join APG Advocates today](#).

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