



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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Provider Taxes And The Enhanced Federal Match For Medicaid Expansion May Be Key Targets For Congressional Medicaid Cuts

The approaching May 7 deadline facing the House Energy and Commerce committee for marking up its portion of a [reconciliation package](#) is leading some Republican lawmakers to [float](#) Medicaid changes that could appear more justifiable than others – particularly if they decreased federal spending and left tough decisions about benefit cuts or disenrollment to the states. One option is a lower limit on the [provider taxes](#) that nearly all states have used for decades to muster the money needed to draw down federal Medicaid matching funds. A second is a reduction in the [enhanced federal matching rate](#) behind the Affordable Care Act's Medicaid expansion. Both could save federal dollars and contribute handsomely to the \$880 billion in "offsets" that the committee must find to finance the reconciliation package, while leaving states holding the bag.

Several approaches for limiting provider taxes are on the table, including one that would alter a so-called ["safe harbor"](#) requirement on

how states can structure a provider tax. The Congressional Budget Office (CBO) has estimated that, depending on where a new safe harbor threshold were set, federal Medicaid spending would be reduced by \$48 billion to \$248 billion over ten years. House Republicans aren't alone in eyeing such changes; in fact, the Biden administration last fall [proposed](#) to update regulations governing how states could obtain waivers from certain requirements governing provider taxes that could also limit states' use of such taxes. The newly revised rule, now under final review by the Trump administration's Office of Management and Budget, could effectively invalidate aspects of the provider taxes imposed on Medicaid managed care plans that are used by states such as [New York](#) and [California](#) to help finance their Medicaid programs.

Expansion reversal? The option of scaling back the enhanced 90 percent federal matching rate that has enabled Medicaid expansion in 40 states and the District of Columbia could also be structured various ways. For example, the enhanced match could be reduced to the same federal matching rate that a given state receives for all its other Medicaid enrollees, which could save nearly \$600 billion over ten years. But depending on how states responded, [analyses](#) suggest that millions of people could lose Medicaid coverage and become uninsured – ultimately leading to about 34,200 deaths a year, according to a new [estimate](#) by the left-leaning Center for American Progress. The grim prospects led 13 House Republicans to [write GOP leaders](#) recently that they would oppose “a final reconciliation bill that includes any reduction in Medicaid coverage for vulnerable populations.”

APG, too, will maintain its advocacy against major Medicaid cuts and keep members apprised of ongoing developments.



More Changes Could Upend Past Policies And Public Health Approaches At The Department of Health and Human Services

Ongoing reorganization at the federal government's umbrella health department is effectuating changes large and small, including seemingly technical ones with major implications. A case in point is the [firing of the entire team](#) that establishes the annual [federal poverty level](#), the set of income thresholds used to determine eligibility for programs such as Medicaid, food stamps, and premium subsidies under the Affordable Care Act, among others.

The team has traditionally been housed within the office of the Assistant Secretary for Policy and Evaluation (ASPE) at the Department of Health and Human Services (HHS), which according to [leaked budget documents](#) is to be dismembered and merged into a proposed

new Office of Health Strategy. However, the documents don't reference any future for the now jettisoned FPL team, raising questions about how these income and poverty determinations will be made for 2026 and beyond.

MAHA moves forward: Meanwhile, HHS Secretary Robert F. Kennedy Jr. advanced priorities this week in his Making America Healthy Again campaign, including plans to [remove synthetic food dyes](#) from the nation's food supply and replace them with natural color additives. Some [research](#) has shown a link between some dyes and behavioral issues in children. On vaccines, Kennedy appears to maintain his at best ambivalent stance, reportedly [considering](#) the removal of COVID-19 vaccine from the recommended vaccine schedule for children even as vaccination rates for conditions such as pertussis (whooping cough) and measles continue to decline. The Centers for Disease Control and Prevention (CDC) is now reporting a [sharp rise](#) in cases of pertussis that exceed pre-pandemic levels.



In Case You Missed It

- Congress needs to reform the [340B Drug Pricing Program](#) to ensure that its discounts translate into lower costs for patients, according to an [investigative report](#) released by Senate Health, Education, Labor and Pensions committee chair Bill Cassidy (R-LA).
- In oral arguments this week in the case of [Kennedy v. Braidwood Management](#), Supreme Court Justices seemed inclined to agree with the Trump administration that the ability of the HHS Secretary to appoint members of the U.S. Preventive Services Task Force didn't violate the constitution's appointments clause ([Washington Update - June 28, 2024](#)).
- [Brett Giroir, MD](#), who served as the Assistant Secretary of Health at HHS during President Trump's first administration, warned that major staffing and programmatic cuts in funding for HIV could reverse progress made since an [initiative](#) Trump unveiled in that era.
- [Complex Care Alliance](#), a new coalition of ACO REACH participants and organizations focused on accountable care, including APG, will focus on improving care models that improve quality and reduce spending for the sickest Medicare beneficiaries.
- More than 100 rural labor and delivery units have closed or announced plans to do so since 2020, while just 42 percent of U.S. rural hospitals now offer labor and delivery services,

according to a [report](#) by the Center for Healthcare Quality & Payment Reform.

- Jay Bhattacharya, director of the National Institutes of Health, said the agency was still committed to research focused on minority populations and that new rules requiring recipients of NIH funds to certify that they had no “diversity, equity, inclusion, and accessibility” programs had been “[misunderstood](#).”



APG Announcements And Offerings

- APG will host the following learning sessions and webinars in the coming weeks:
 - A **Learning Session about the 2026 Medicare Advantage Rate Notice and Final Rule** on **Wednesday, April 30, 12:00 pm - 1:00 pm ET**. Register [here](#).
 - A webinar, “**From Clinic to Coverage: IsoPSA's Role in Prostate Cancer Risk Assessment and Payor Value**,” on **Thursday, May 8, 2:00 pm - 3:00 pm ET**. The webinar will be presented by ClevelandDX. Register [here](#).
 - **An APG member-only focus group on the Request for Information (RFI) on Anti-Competitive Regulations** on **Wednesday, May 20, 12:00 pm - 1:00 pm ET**. To register please email Jenifer Callahan at jcallahan@apg.org.
 - **An APG member-only focus group on the Request for Information (RFI) on Deregulation of the Medicare Program** on **Tuesday, June 3 12:00 pm – 1:00 pm ET**. To register please email Jenifer Callahan at jcallahan@apg.org.
- **Up to 10 APG members focused on dementia care with at least 30 percent of Medicare patients enrolled in Medicare Advantage**, are eligible for technical assistance support through the National Dementia Care Collaborative (NDCC) thanks to support from The John A. Hartford Foundation. To connect with the NDCC team and apply for this opportunity, visit the NDCC website [here](#).
- **Other APG members focused on dementia care** - although not within the GUIDE model - are invited to participate in a partnership between the National Quality Forum and the CMS Innovation Center to create a new measure of the burden on caregivers of persons with dementia. Please review the [details](#) about this opportunity and reach out to caregiverburden@qualityforum.org if interested.
- Registration is 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!

- There is still time to become a sponsor of 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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