



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

- **House Fiscal Hawks' Rebellion Stalls March To Enact Reconciliation Package, Leaving Fate Of Medicaid Cuts Uncertain For Now**
- **Reconciliation Package Contains Potential Good News On Medicaid Physicians' Fees As Of 2026**
- **APG Welcomes Renewed Focus By CMS Innovation Center On Full Risk For Providers Across Medicare And Medicare Advantage**
- **In Case You Missed It**
- **APG Announcements And Offerings**



House Fiscal Hawks' Rebellion Stalls March To Enact Reconciliation Package, Leaving Fate Of Medicaid Cuts Uncertain For Now

A vote by five conservative Republicans blocked passage of proposed reconciliation legislation in the House Budget Committee today, at least temporarily stalling the package's movement through Congress. The action throws into question the fate of a somewhat slimmed down package of Medicaid cuts that [emerged](#) this week from the Energy and Commerce committee.

With \$625 billion in Medicaid cuts over ten years at stake, Republicans are now struggling to hold their ranks together amid both factional

differences and growing concerns over the potential political fallout. Fiscal hawks want even deeper cuts in the federal budget deficit, which could include bigger Medicaid cuts than are currently on the table.

As expected, the [package](#) voted out of the Energy and Commerce committee earlier in the week avoided some of the biggest Medicaid changes that had been under consideration earlier ([Washington Update – May 9, 2025](#)). It now contains a [mix](#) of new eligibility requirements and rollback of existing provisions – all of which would ultimately save the \$625 billion because [an estimated 7.6 million people](#) would ultimately lose Medicaid coverage over the decade.

New requirements: The largest single element is mandatory “community engagement” requirements on individuals ages 19-64 who apply for coverage or are enrolled under the Affordable Care Act’s Medicaid expansion to either work or participate in certain “qualifying activities” for at least 80 hours per month. Since most such individuals already work, prior attempts at Medicaid work requirements have mostly resulted in loss of coverage due to [confusing and burdensome reporting requirements](#) on enrollees.

Other provisions likely to depress coverage or health care utilization are required cost-sharing by expansion enrollees of up to \$35 for medical services, and a requirement that states check expansion enrollees for eligibility every six months instead of annually as now required.

Even as the House aims to pass its version of a broad reconciliation package by Memorial Day, battles over tax and other provisions could still result in further changes to the Medicaid provisions. Potentially more problematic is likely resistance in the Senate, where at least three of the 53 Senate Republicans have expressed opposition to large Medicaid cuts. Republicans will need a simple majority of 51 votes to pass the reconciliation bill.

APG will continue to follow events and maintain its advocacy in opposition to Medicaid cuts endangering Medicaid coverage.



Reconciliation Package Contains Potential Good News On Medicare Physicians’ Fees As Of 2026

Although there has been no congressional action to date to roll back this year’s [2.83 percent cut](#) in the Medicare physician fee schedule, House Republicans’ reconciliation package contains good news on future physician pay. For 2026 and beyond, a key provision of the emerging bill so far would link the fee schedule to a portion of

the [Medicare Economic Index](#) (MEI), the core measure of practice cost inflation. In 2026, the fee schedule would rise by 75 percent of the MEI; in subsequent years, it would rise annually by 10 percent of the MEI. Although less than what some proponents may have hoped, establishing any permanent link to the MEI is a change that APG and other physician groups have sought for years.

This proposed change would effectively take the place of a separate provision in current law that was to have created [higher annual payment adjustments](#) as of 2026 for clinicians participating in advanced alternative payment models (AAPMs), versus those participating in the standard [Merit-Based Incentive Payment System \(MIPS\)](#) program.

However, despite elimination of that provision, payment to participants in AAPMs would rise even faster under the new proposed provision linking the fee schedule to the MEI. APG thus supports enactment of the proposed provision. It is also firmly committed to working with other physician groups to achieve future legislative changes that would restore more permanent incentives for participation in AAPMs.



APG Welcomes Renewed Focus By CMS Innovation Center On Full Risk For Providers Across Medicare And Medicare Advantage

Speaking at APG's annual spring conference in San Diego this week, Abe Sutton, director of the Center for Medicare and Medicaid Innovation (CMMI), reiterated the agency's commitment to advancing global risk and total cost of care models in traditional or "Original" Medicare, Medicare Advantage, and Medicaid. He also said that CMMI was actively considering more mandatory alternative payment models as it seeks to fulfill its statutory mandate to achieve savings in Medicare.

Sutton's remarks followed CMMI's release of its new [strategy](#) to reorganize the agency's efforts under three nominal "pillars:" promoting evidence-based prevention; empowering people to achieve their health goals; and driving choice and competition. But a clear centerpiece of the strategy will remain ensuring that "beneficiaries are receiving care from entities with direct accountability for health outcomes and costs," including through new "Innovation Center mechanisms for supporting patient-centered payments within Medicare Advantage."

The focus on MA is new for CMMI, and welcomed by APG, given multiple recommendations in its recent [Medicare Done Right](#) report

and its recently published [studies](#) demonstrating superior outcomes for patients cared for under full-risk MA models.

Susan Dentzer, APG's president and chief executive officer, told Sutton that APG looks forward to working with CMMI on new ways to spur expansion of such full risk arrangements in both MA and traditional Medicare. Although she asked Sutton whether any new mandatory models would be focused on specialty care, Sutton demurred and said more details would be forthcoming.



In Case You Missed It

- [House](#) and [Senate](#) Democrats [grilled](#) Health and Human Services Secretary Robert F. Kennedy Jr. this week over proposed HHS budget cuts, staff layoffs, and his handling of the measles outbreak. Kennedy declined to fully endorse the measles vaccine to combat the outbreak and said his views are “irrelevant.”
- Perhaps borrowing a leaf from the Trump administration's tariff demands, a new White House [executive order](#) set a [30-day deadline](#) for pharmaceutical manufacturers to negotiate lower prices with the federal government.
- HHS is asking the public to help “identify and eliminate outdated and unnecessary” health care regulations through a new [Request for Information \(RFI\)](#). HHS aims to implement the Trump administration's planned “10-1 rule,” under which the department promises to rescind 10 regulations for every new regulation implemented and cap the total cost of new regulations at zero dollars.
- Oak Street Health's value-based model for improving primary care for older adults led to a 44 percent reduction in hospital admissions, according to a recently released company [white paper](#).



APG Announcements And Offerings

- APG will host two *APG member-only* focus groups in the coming weeks 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.
 - **And 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](#).
- Want to get more involved in APG's Federal advocacy efforts? [Join APG Advocates today](#).

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