



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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Deepened Medicaid Cuts In Senate GOP Reconciliation Bill Likely To Prompt Even Greater Coverage Losses

Senate Republicans' full [reconciliation bill](#) made its debut this week, complete with even deeper proposed cuts in Medicaid than in the House-passed version ([Washington Update - May 23, 2025](#)). Although the official Congressional Budget Office analysis of the impact hasn't been released, it is likely to show that the billions of dollars in larger Medicaid cuts would produce millions more uninsured beyond [projections](#) of the House bill's impact. A struggle now pits the GOP lawmakers who resist big Medicaid reductions against those embracing greater budget savings – even as a separate collision with the House may lie ahead over the dueling versions of legislation.

Squeezed funding: Key Medicaid changes in the [Senate versus House versions](#) include tightened limits on [provider taxes](#) and [state-directed payments](#) that would curb federal Medicaid spending while squeezing states that adopted the Affordable Care Act's Medicaid expansion. The current threshold, which limits any given provider tax to no more than 6 percent of net patient service revenues, would fall in these expansion states by 0.5 percent annually to a new cap of 3.5 percent by 2031. By contrast, the House bill would freeze all provider taxes at current levels.

Whereas the House bill would, with some exceptions, grandfather existing state directives on what managed Medicaid organizations must pay providers, the Senate version would gradually cut these directed payment rates to no more than Medicare levels in expansion states, while limiting them to no more than 110 percent of Medicare in non-expansion states. The combined impact would prove devastating for hospitals and physicians with large shares of Medicaid patients. An [analysis](#) from the University of North Carolina's Shep Center requested by Senate Democrats identified 338 rural hospitals already at risk of closure under the House bill – a number that would almost certainly rise under the Senate's version. *Inside Health Policy* [reported](#) this week that some GOP lawmakers were seeking special funding for rural hospitals to offset some of the impact.

Mixed bag: In contrast to the toughened Medicaid provisions, other key changes in the Senate bill would drop [measures](#) that would impose tighter strictures on enrollment in the Affordable Care Act's marketplaces. And in a blow to physician groups, the Senate also dropped a proposed Medicare physician pay fix that would hike the Medicare Physician Fee Schedule by a portion of the Medicare Economic Index (MEI) ([Washington Update - May 16, 2025](#)).

The Senate bill is likely to evolve further to gain the 51 votes needed for passage, which could complicate its fate in the full Congress if it diverges too much from the House-passed version. APG will maintain its active advocacy against cuts to Medicaid and the ACA as well as its push for Medicare physician payment relief.



Medicare's Spending Outlook Worsens As Beneficiaries Face Physician Access Issues, System's Trustees Report

Medicare's financial picture looks substantially worse than it did last year as the projected insolvency date for the Hospital Insurance Trust Fund moved forward by three years to 2033, the system's trustees said in their [2025 annual report](#). The change stems largely from higher-than-expected 2024 spending for inpatient hospital and hospice

services, tracking increases in utilization broadly seen across Medicare Advantage and traditional Medicare in recent years.

Future Medicare spending is also now projected to rise faster than in recent years, particularly in Parts B and D, which will see annual growth averaging 8.8 percent and 7.1 percent respectively. Those rates are substantially higher than projected gross domestic product growth of 4.2 percent annually and will thus greatly outstrip the rate of economic growth and increases in workers' incomes.

Bad for beneficiaries: As in past years, the trustees predicted that the ongoing gap between Medicare physicians' fees and rising practice costs is likely to curtail access and hurt Medicare beneficiaries over time. "If the health sector cannot transition to more efficient care delivery" – and if providers and commercial insurers continue to negotiate higher payment rates as they do now – "then the availability, particularly with respect to physician services, and quality of health care received by Medicare beneficiaries will, under current law, fall over time compared to that received by those with private health insurance," the trustees wrote.



In Case You Missed It

- APG submitted a [comment letter](#) to CMS's request for information on "Health Technology Ecosystems" which recommends that CMS standardize and improve reporting requirements for value-based care organizations that are currently subjected to unnecessarily complex reporting across different CMMI models.
- A draft [agenda](#) for next week's meeting of the Centers for Disease Control and Prevention's reconstituted vaccine advisory committee "revives [anti-vaccine boilerplate](#) topics," according to the University of Minnesota's [Center for Infectious Disease Research and Policy](#).
- A non-governmental [CDC Data Project](#) launched by former agency employees documents the potential effects of proposed federal budget cuts on health programs and health security.



APG Announcements And Offerings

- APG launches **Case Studies in Excellence 2025**: APG members are invited to submit an innovative care initiative or best practice in value-based care for the next edition of Case Studies in

Excellence. **Abstract submissions are due by TODAY and can be submitted [here](#).**

- APG will host two **Group Purchasing Program** webinars featuring expert speakers sharing information about their innovative products:
 - The first features **Altura, GoGo, and Ventegra** on **Tuesday, July 22, 4:00 pm – 5:00 pm ET**. Register for the webinar [here](#).
 - The second features **Accorded, Medicare on Demand, and Plannery** on **Tuesday, July 29, 4:00 pm – 5:00pm ET**. Register for the webinar [here](#).
- **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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