



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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Damage Assessment Continues Of Reconciliation Legislation's Impact On Health Sector

Health care stakeholders this week continued digesting implications of the reconciliation law enacted July 4 and contemplating how, where, and, when the damage from key provisions could hit. Although multiple aspects of the law won't take effect for several years, some became effective immediately, prompting at least one lawsuit and a flurry of other defensive actions.

First came a temporary federal district court [injunction](#) allowing Planned Parenthood clinics to continue receiving Medicaid funding for non-abortion services, which the law had disallowed just days earlier. Planned Parenthood quickly [sued](#) on the grounds that the new law's provision was unconstitutional and would jeopardize services for

more than 1 million patients who receive non-abortion care from Planned Parenthood clinics through Medicaid each year. With the provision now paused for two weeks, prolonged litigation lies ahead.

Rural distress: States have already begun preparing applications due by year-end for portions of a \$50 billion “rural health transformation” fund created under the law. They will be required to submit detailed plans for using the funds to adopt technology and take other steps to improve access and outcomes, even as they face large net losses of Medicaid funding. Yet some critics have pointed to the law’s problematic [funding allocations](#); other analyses suggest that the \$50 billion to be distributed from 2026 through 2030 will only partially offset a [projected \\$155 billion](#) hit to Medicaid funds destined for rural areas over the next decade.

Provider groups are also adding up the projected revenue losses from such provisions as new limits on provider taxes and state-directed payments, along with increases in the number of uninsured due to [Affordable Care Act \(ACA\) enrollment changes](#) that will begin in 2026. California hospitals, for example, [expect to lose](#) from 14 percent to 30 percent of Medicaid funding over ten years; to see Medicaid payment rates fall below current levels due to the state-directed payment limits; and experience “substantial” increases in uncompensated care. In states that did not expand Medicaid under the ACA, the provider tax limits may prove so harmful that, ironically, they may fuel states’ appetite to expand Medicaid to restore at least some federal funding, some hospital leaders say.

Also possibly looming due to rising federal budget deficits is [sequestration](#), which could trigger an automatic 4 percent cut in Medicare payment rates starting in October unless Congress acts to prevent it. Since physician groups will not be immune from all these aftershocks, APG will join forces with other stakeholders to advocate against implementation of the law’s health care provisions and for their expeditious repeal or modification.



Big Battles Over Budget Clawbacks And Appropriations Cloud Outlook for Health Provisions

With the reconciliation marathon over, Congress now turns to passing [annual appropriations bills](#) for fiscal 2026 and grappling with a Trump administration [request to rescind](#) \$9.4 billion in previous appropriations, including for the [global HIV program](#) launched by former President George W. Bush. Amid the Sept. 30 fiscal year deadline – and growing bipartisan unease about many proposed

budget cuts – Democrats are already [warning](#) of a possible government shutdown.

Although the House has already adopted the rescissions package and is expected to proceed with its appropriations bills along partisan lines, the Senate's requirement of a 60-vote majority to pass appropriations bills dictates a more bipartisan approach to appropriations that the [push to pass the rescissions package](#) could now derail. Complicating the picture further, House and Senate Republicans are now reportedly contemplating a [second run at reconciliation legislation](#) later this fall to make additional tax changes and budget cuts.

This challenging outlook bodes uncertainty for such provisions as [extension of Medicare's telehealth payment flexibilities](#), restoration of the now-expired [advanced alternative payment model](#) incentives, and other APG priorities. APG will advocate strongly for these provisions throughout the summer months and beyond.



Pushback Intensifies Over Vaccine Policy Changes And Potential Threat To Preventive Services Task Force

Groups of health care organizations are challenging recent Trump administration vaccine policy changes and mobilizing to thwart a potential threat to the [U.S. Preventive Services Task Force](#) (USPSTF), whose evidence-based recommendations about preventive services are [linked](#) to insurance coverage requirements under the ACA.

A [lawsuit](#) filed by six medical and public health groups and one individual plaintiff, an unnamed pregnant physician, accuses Health and Human Services Secretary Robert F. Kennedy, Jr., and other Trump administration officials of violating federal administrative law in taking “arbitrary and capricious” actions that amount to “dismantling the vaccine infrastructure.” As previously reported, those steps have included overhauling COVID vaccine recommendations ([Washington Update, May 23, 2025](#)) and summarily terminating and replacing members of the key federal vaccine advisory committee ([Washington Update, June 13, 2025](#)).

An even larger roster of 104 health care and related organizations is now [warning](#) key leaders in Congress about threats to the USPSTF in the aftermath of a recent Supreme Court decision ([Washington Update, June 27, 2025](#)). Secretary Kennedy this week abruptly [cancelled](#) a forthcoming task force meeting, echoing steps he took

earlier before remaking the vaccine advisory committee. The Supreme Court's recent decision affirmed that task force members were "inferior officers" whom the secretary has the full right to appoint without congressional review.

The concerned medical groups now fear that Kennedy could also fire the [existing task force](#) and reappoint new members to carry out his own agenda – producing a "loss of trustworthiness in the rigorous and nonpartisan work" of the body that would create "barriers to accessing lifesaving and cost-effective care." Although their letter doesn't say so, a widespread fear is that potential new task force members could include those who share views similar to those of the original plaintiffs in the Supreme Court case, who resisted USPSTF recommendations linked to insurance coverage of medications for HIV.



In Case You Missed It

- **Confirmed cases of measles** have now hit a [three-decade high](#) in the United States, according to the Centers for Disease Control and Prevention (CDC), with most cases linked to the 27 outbreaks across 39 states that have occurred this year.
- The nomination of **Susan Monarez, MD, as CDC director** [advanced](#) on a party line vote through the Senate Health, Education, Labor and Pensions Committee.
- **Mass firings of federal workers** can proceed for now even as litigation continues, under a Supreme Court [decision](#) issued this week.
- Reinterpreting existing federal law, the Trump administration has **cut off certain benefits for immigrants** without permanent legal status, including access to [Health Centers](#) and [certified Community Behavioral Health Clinics](#).
- President Donald J. Trump has [revived](#) **threats of pharmaceutical tariffs**, saying this week that levies of up to 200 percent would be imposed "very soon."
- **U.S. children's health has steadily declined** since 2007 in terms of mortality; chronic physical, mental, and neurodevelopmental conditions; and physical and emotional symptom, according to a [study](#) newly published in *JAMA*. The authors write that it is

"probable" that the trends "are being driven by race and ethnicity and socioeconomic disparities."



APG Announcements And Offerings

- APG will host an **Emerging Trends in Health Care** webinar featuring **CMS Deputy Administrator and Chief of Staff Stephanie Carlton** on **Tuesday, July 22, 12:00 pm - 12:45 pm ET**. Register for the webinar [here](#).
- Participants in APG's **Group Purchasing Program** will describe their innovative products in two forthcoming webinars.
 - 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](#).
- APG has partnered with **Health Industry Collaboration Effort, Inc. (HICE)** for an informative webinar on the **Provider Appointment Availability Survey (PAAS): What You Should Know** on **Wednesday, July 23, 2:00 pm - 3:00pm PT**. Register for the webinar [here](#).
- Want to get more involved in APG's Federal advocacy efforts? [Join APG Advocates today](#).

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