



Welcome to *Washington Update*, the weekly newsletter on the latest health care happenings in the nation's capital that affect APG's members.

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### **Fight Over ACA Tax Credits Spills Over Into January, Beyond Their Expiration Date**

A bipartisan maneuver in the House of Representatives this week appears to have teed up a vote on extending the Affordable Care Act's enhanced premium tax credits (EPTCs) for January, following the credits' official expiration on December 31, 2025. If such a vote were to succeed, the measure could then move back to the Senate for action – which has already blocked an EPTC extension – raising the still unlikely possibility that at least some version of the EPTCs could be restored.

As the House narrowly [passed](#) along party lines a separate health care [bill](#) this week without an EPTC extension, a small group of moderate Republicans joined Democrats in a [discharge petition](#)

that gained the required number of signatures to force the January vote. Roundly opposed by House Speaker Mike Johnson (R-LA) and conservative Republicans, the measure to be voted on at that time would then extend the EPTCs for three years – an approach that has already been defeated in the Senate ([Washington Update, December 12, 2025](#)). But backers say that, with [talks](#) over a bipartisan compromise now under way again in the upper chamber, there is still some slim hope that a deal over EPTC extension can be reached.

With Congress on holiday recess until Jan. 6 – and ACA open enrollment set to end on Jan. 15 on Healthcare.gov and most state marketplaces – it remains unclear whether any change would come in time to influence ACA signups for 2026. On the other hand, those who have enrolled in ACA coverage for next year would still “welcome premium relief whenever it comes,” wrote Larry Leavitt, executive vice president for health policy at KFF, in an [analysis](#) this week. As previously reported, individuals who currently benefit from the EPTCs could see average premium hikes of more than [100 percent](#) – an average of \$1,016 per enrollee – next year once the tax credits expire.



## **New Innovation Center ACO Model Aims In Part To Smooth Transition From ACO REACH**

America’s Physician Group Members participating in the ACO REACH (Realizing Equity, Access, and Community Health) model have long known that the arrangement had a fixed life span, as the model is set to expire at year-end 2026. APG’s longstanding advocacy over the need to create a successor model bore fruit yesterday, as the Center for Medicare and Medicaid Innovation unveiled a new Long-term Enhanced ACO Design (LEAD) Model that builds on many lessons learned in the years of REACH’s existence.

Features of the LEAD model as described by CMMI could address many longstanding concerns of organizations that have participated in ACO REACH and other accountable care models. Unlike the total seven-year life span of REACH – originally launched in 2020 as the Global and Professional Direct Contracting Model – LEAD will have a 10-year performance period that should provide greater stability and predictability for participants. The spending benchmarks against which participants’ performance will be judged are to be set initially and maintained for the entire model period, rather than being “rebased” periodically, as is typical of most accountable care models. This continual rebasing produces the

[“ratcheting effect.”](#) in which ACOs that successfully produce savings are subject to ever-tighter performance standards and the need to find care efficiencies, and may eventually lose all incentives to participate.

**Other benefits:** Some of the most successful participants in ACO REACH have been in the “high needs” track of the program, which serves patients with multiple chronic conditions, functional impairments, and significant social needs. LEAD will enable these patients to be well served within a single ACO serving a broader population of patients, thanks to new approaches in risk adjustment and other measures. APG also applauds the fact that LEAD will allow ACOs to offer new incentives for beneficiaries to participate and to affiliate with high-value health care providers, including through cost-sharing for Medicare Part B services and the ability to “buy down” Medicare Part D premiums as of 2029.

“APG’s members and the broader accountable care community will be interested to receive more details about these and other aspects of the LEAD model,” APG’s president and CEO, Susan Dentzer, said in a [news release](#) this week. She also noted that APG will also organize informational sessions to educate its members about features of the new model, with dates to be announced in this newsletter.



## **Federal Vaccine Policy And Oversight Changes Continue As Alternative Guidance Sources Grow**

As expected, the Centers for Disease Control and Prevention (CDC) this week [formally adopted](#) a controversial recommendation from its [Advisory Committee on Immunization Practices](#) to end the 34-year-old practice of administering the hepatitis B vaccine to all newborns and replacing it with a [process](#) that largely leaves the decision to vaccinate with parents. The move was one of several underscoring the Trump administration’s shifts away from established science – even as states and other entities also took steps to preserve a more science-based vaccine framework.

In other related developments this week:

- Ralph Abraham, MD, a former Republican congressman, was [sworn in](#) as the second-in-command at the CDC, placing a prominent vaccine skeptic in the role. While serving as Louisiana’s surgeon general earlier this year, he [issued a directive](#) ordering an end to mass vaccination campaigns

and decrying vaccine mandates.

- [Children's Health Defense](#), the organization founded and formerly chaired by Health and Human Services Secretary Robert F. Kennedy Jr., filed a [lawsuit](#) challenging [New York's elimination of religious exemptions](#) for school vaccination requirements.
- HHS terminated seven federal grants worth millions of dollars to the American Academy of Pediatrics (AAP), one of several organizations that have sued administration officials over the earlier overhaul of ACIP ([Washington Update, July 11, 2025](#)) and has been a vocal critic of the administration's vaccine policies. The *Washington Post* [reported](#) that the terminated grants funded the AAP to conduct initiatives in such areas as reducing sudden infant deaths and identifying autism early in young children.
- In the latest among ongoing moves to create alternative sources of guidance to the current ACIP and CDC, California Gov. Gavin Newsom [named](#) two former CDC leaders – including Susan Monarez, MD, whom Kennedy fired earlier this year – to lead a new [initiative](#) to modernize the state's public health infrastructure and tackle the “erosion of evidence and science-based policies” at the federal level.
- The first series of new [Public Health Alerts](#) – the product of a partnership between *NEJM Evidence* and the University of Minnesota's [Center for Infectious Disease Research and Policy](#) (CIDRAP) – focus on such topics as the influenza strains that are circulating this season. Signaling that the alerts will help fill a void left by current federal policy, an [editorial](#) notes that information about such seasonal influenza strains “had historically been presented in a session” of a key U.S. Food and Drug Administration advisory committee, but were not in the spring of 2025.



## In Case You Missed It

- **More “Most Favored Nation” drug-pricing agreements are expected to be announced soon by the White House**, building on prior voluntary deals with pharmaceutical manufacturers. The agreements, achieved under the recently [announced](#) CMS CMMI [GENEROUS Model](#) (GENERating cost Reductions fOR U.S. Medicaid), are designed to align U.S. drug prices for Medicaid – as well as launch prices for newly marketed medications – with lower prices paid in peer countries.

- **U.S. hospitals will lose all federal funding – including payment for services provided under Medicare, Medicaid, and the Children’s Health Insurance Program (CHIP) – if they furnish gender-affirming care to trans youth** below age 18 under [new rules](#) to be released by the Trump administration. The move implements an earlier [executive order](#) from the White House.
- **Federal officials are directed to evaluate, challenge, and even preempt certain state laws governing artificial intelligence under a new White House executive order** released last week. Citing the preference for a “national framework” of laws governing AI, the order particularly targets state laws that it claims require “ideological bias” within AI models, such as a [Colorado law](#) aimed at protecting consumers from banning “algorithmic discrimination.”
- **A [request for information](#) from HHS asks for “broad public input on how HHS can accelerate the adoption and use of artificial intelligence** as part of clinical care for all Americans.” Comments will be due in late February.
- **A new [list](#) of 24 quality measures under consideration for use in various CMS programs** includes a mix of outcome and process measures, many aligned with “Make America Healthy Again (MAHA) objectives, the agency says. It seeks [comments](#) on the measures by January 6, 2026.
- **Continuing CMS’s effort to rationalize use of costly skin substitutes, seven updated Local Coverage Determinations (LCDs)** will [take effect](#) in January clarifying when use of the products is appropriate for Medicare beneficiaries with diabetic foot and venous leg ulcers. An evidence review showed that 18 skin substitute products met evidence standards for coverage while others did not or are still undergoing review.
- **Changes designed to improve and streamline prior authorization under Medicare Advantage** will move forward under a [voluntary pilot](#) that CMS will conduct with a group of MA plans.
- **CMMI’s new [Wasteful and Inappropriate Service Reduction \(WISeR\) model](#) faces challenges** in preventing technology companies from moving too aggressively in trying to evaluate “grey” areas of medicine, in which decisions about the appropriateness of care are legitimately more subjective than concrete, according to a new [Health Affairs Forefront analysis](#) by [Michael Chernew](#) and [A. Mark Fendrick](#).

- **Most U.S. health insurance markets – both commercial and Medicare Advantage – remain highly concentrated**, with a limited number of insurers accounting for a large share of enrollment, according to the most recent edition of an [analysis](#) published by the American Medical Association (AMA).



## APG Announcements And Offerings

- *Washington Update* will not publish on Dec. 26 and Jan. 2 due to Christmas and New Year's holidays. Publication will resume on Jan. 9, 2026.
- APG will host a **Learning Session** Webinar on **Tuesday, January 6, 3:00-4:00 pm ET, about the 2027 Medicare Advantage & Part D Proposed Rule**. You can register for the webinar [here](#).
- APG will host a members-only **Focus Group** meeting on **Wednesday, January 14, 3:00 pm - 4:00 pm ET**, to solicit feedback about the 2027 Medicare Advantage & Part D Proposed Rule for APG's comment letter to CMS. Members should receive an invitation with the registration link, or may contact Jenifer Callahan at [jcallahan@apg.org](mailto:jcallahan@apg.org) to register.
- Sponsorship is now open for the **APG Spring Conference 2026, May 27-29, in San Diego**. Visit our [Spring Conference 2026 sponsor website](#) and reserve your space today!
- **Missed the APG Fall Conference? Purchase full recordings of key sessions and panels!** You can access **on-demand videos** of the **General Sessions** and **audio recordings** of the **Breakout Sessions**, featuring some of the most timely and insightful discussions in health care today. For a full overview of the sessions featured in the recordings, visit our agenda [here](#).  
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