



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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### **Congress Lurches Toward End-of-January Package That May Or May Not Include Enhanced Premium Tax Credits**

Following last week's resounding House vote to resurrect the Affordable Care Act's now-expired enhanced premium tax credits (EPTCs) ([Washington Update](#), Jan. 9, 2026), the momentum behind an evolving bipartisan Senate plan to revive them slowed this week amid [sharp policy disagreements](#). Senators then left town Thursday for a week's recess, suggesting that negotiations may drag on – and if fruitful, possibly result in any EPTC-related measure being combined with other elements of a [late-January or early-February](#) health package.

As for any health package, Congress now faces a January 30 deadline to adopt all remaining fiscal 2026 spending bills or extend the [continuing resolution](#) adopted to end last fall's partial government shutdown. It must also act to extend – or make permanent – [Medicare telehealth flexibilities](#) and the Medicare [Acute Hospital Care at Home](#) waiver, as well as reauthorize [funding](#) for community health centers. It is possible that all these measures, including any EPTC extension, may be rolled into one legislative vehicle, with the scope and timeline remaining up in the air for now. Separately, the Senate Finance Committee chairman and ranking member, Sen. [Mike Crapo \(R-Idaho\)](#) and Sen. [Ron Wyden \(D-OR\)](#), are reported to be assembling another [package](#) to overhaul rules for pharmacy benefit managers and address other bi-partisan health policies.

**Trump Weighs In:** Further afield, the Trump administration this week unveiled its [Great Healthcare Plan](#), largely a list of talking points evoking already-announced measures, such as codifying into law the recent “most favored nation” drug deals that the administration struck with pharmaceutical manufacturers ([Washington Update](#), October 3, 2025). The administration also continues to eschew extension of the EPTCs in favor of channeling funds directly to “eligible” individuals, but just how those funds would be directed, or who would be eligible, remains vague.

Also under the plan, health insurers – now occupying full-blown bogeymen status in the eyes of Trump and many Republicans – would be required to “post the profits they take out of premiums as well as information on the frequency with which they deny care.” Haters may be disappointed, at least in the short term: a [McKinsey analysis](#) projects that insurers' profit margins on Medicare Advantage plans to stabilize this year at about 2 percent, “remaining below historical levels,” while Medicaid MCO margins “will continue to erode” and Affordable Care Act plans “will face margin pressures from member disenrollment” with the expiration of the EPTCs. An early [report](#) from the Centers for Medicare & Medicaid Services as ACA open enrollment periods ended this week in most states shows 1.4 million fewer marketplace signups than last year, suggesting coverage losses that many analysts believe will grow.



## **Medical Groups Seek To Block Vaccine Policy Changes In Court As Other Signs Of Upheaval Continue**

In the wake of the Trump administration's recent move to upend U.S. childhood vaccine recommendations ([Washington Update](#), Jan. 9, 2026), six prominent medical and public health groups [said](#) this

week that they will expand their existing [lawsuit](#) against Trump administration officials to ask a Massachusetts federal District Court to block the most recent changes. They said they would also seek to stop next month's scheduled meeting of the Centers for Disease Control and Prevention's key vaccine advisory [committee](#), which gained two new anti-vaccine adherents this week when Health and Human Services (HHS) Secretary Robert F. Kennedy, Jr., [appointed](#) two obstetrician-gynecologists to the panel who both have histories of critiquing vaccines.

As reported by the *Washington Post*, one of the two newly appointed OB/GYNs, Adam Urato, has questioned administration of vaccines to pregnant women, while the other, Kimberly Biss, said on a 2022 podcast, "prior to COVID I was not an anti-vaxxer, but I am now because I've gone down the rabbit hole." And in yet another sign of potential vaccines upheaval, Aaron Siri, a lawyer representing anti-vaccine groups and former attorney for HHS Secretary Robert F. Kennedy Jr., [told](#) news outlets that he anticipates that Kennedy will amend the federal [Vaccine Injury Table](#) to remove vaccines that are no longer routinely recommended for infants and children as a result of last week's HHS action.

**Lawsuits ahead:** Such a move would imperil the ability of people harmed by the affected vaccines to file claims against the [National Vaccine Injury Compensation Program](#) (VICP) – but also leave them free to sue vaccine manufacturers for liability directly in state or federal courts, the very market-destabilizing result that the VICP was created to guard against. Other attorneys disagree with Siri's prediction that Kennedy could or would act willy-nilly, arguing that the department would have to proceed through conventional notice-and-comment federal rulemaking to act. They do, however, predict that potential litigation may lie ahead over the VICP program, given ambiguities over what now is, or isn't, a routinely recommended childhood vaccine.

Meanwhile, [Bloomberg Law](#) quoted an HHS spokesperson as saying that the [group of six vaccines](#) now recommended for "shared clinical decision making" as a result of last week's changes would "continue to be covered by VICP." APG will continue to monitor the situation, even as it urges its members to abide by the trusted vaccine recommendations, guidelines, and evidence reviews of groups such as the [American Pediatrics Association](#), the [Vaccines Integrity Project](#), and a limited roster of others.



## **Two Major Health Insurers In Spotlight Over Allegations Of Risk Adjustment Upcoding**

## In Medicare Advantage

Two prominent health insurers and some of their medical group affiliates, including APG members, figured heavily this week in allegations of upcoding and overcoding in Medicare Advantage risk adjustment.

The Justice Department (DoJ) [announced](#) a \$556 million settlement with Kaiser Permanente health plans and affiliates to resolve [allegations](#) that the organizations “violated the False Claims Act by submitting invalid diagnosis codes for their Medicare Advantage Plan enrollees in order to receive higher payments from the government,” according to a department news release. Among the parties to the settlement were the overall Kaiser Foundation Health Plan and the organization’s Colorado health plan, as well as APG members The Permanente Medical Group, the Southern California Permanente Medical Group, Colorado Permanente Medical Group. The settlement, which grew out of whistleblower claims by former Kaiser physicians, stemmed from allegations that, from 2009 to 2018, “Kaiser engaged in a scheme to increase its Medicare reimbursements by pressuring physicians to add diagnoses after patient visits through ‘addenda’ to patients’ medical records,” the DoJ’s release said.

In a [statement](#), Kaiser said that the settlement “contains no admission of wrongdoing,” “was not about the quality of care our members received,” and involved “a dispute about how to interpret the Medicare risk adjustment program’s documentation requirements.” The statement added, “We remain unwavering in our mission to provide high-quality, affordable health care services and to improve the health of our members and the communities we serve.”

**“Aggressive strategies:”** Meanwhile, a [report](#) released by Senate Judiciary Committee chairman Sen. Chuck Grassley (R-IA) this week sharply criticized UnitedHealth Group (UHG) for what were described as “aggressive strategies to maximize” Medicare Advantage risk adjustment scores. “UHG appears to be able to leverage its size, degree of vertical integration, and data analytic capabilities to stay ahead of CMS’s efforts to counteract unnecessary spending related to coding intensity,” the report added.

UHG, a nearly \$450 billion organization whose separate Optum Care unit owns multiple medical groups that are APG members, disputed the findings. In a statement emailed to news outlets, a spokesperson wrote that the company’s programs “comply with applicable government regulatory requirements and have, through government audits, demonstrated sustained adherence to regulatory standards.”

Pushing back more broadly on claims that Medicare Advantage plans are overpaid, UHG separately released a new [Milliman analysis](#) that it commissioned that concluded that Medicare Advantage costs the federal government approximately nine percent less per beneficiary in Medicare Parts A and B spending than does traditional Medicare. The analysis tracks with [others](#) that have reached similar conclusions ([Washington Update](#), Oct. 3, 2025). Milliman's analysis also accounted for the ongoing phase-in of [CMS's V28 risk-adjustment model](#), noting that it has reduced government payments to Medicare Advantage plans by roughly four percent compared with the prior V24 model.



## In Case You Missed It

- As expected, members of the Medicare Payment Advisory Commission (MedPAC) this week adopted a **recommendation to Congress that Medicare physician fees be increased 0.5 percent in 2027** in recognition of practice cost inflation pressures. Together with changes scheduled in current law, fees for clinicians participating in Advanced Alternative Payment Models would thus rise by 1.25 percent, and by .75 percent for all other clinicians.
- In a [stunning move](#) followed by an equally stunning reversal, HHS first announced, and then a day later withdrew, a **\$2 billion cut in federal grant money from the Substance Abuse and Mental Health Administration (SAMSHA)** to support nationwide mental health and addiction programs. The backflip came after broad public pressure from some [lawmakers](#) and others. Ironically, January is “Substance Use Disorder Treatment Month, SAMSHA says on its [website](#).
- **U.S. health care spending rose a sharp 7.2 percent in 2024**, growing faster than seven percent for the second consecutive year, according to [new national health expenditure data](#) published this week. Higher utilization driven by increased demand for care, rather than price increases, caused much of the change, according to CMS actuaries.
- **Pilots in six states under the CMS Innovation Center's Wasteful and Inappropriate Service Reduction (WISeR)** model launched this week, testing whether AI-enabled prior authorization and pre-payment review can curb wasteful spending in traditional Medicare. Six contracted technology vendors — Cohere Health, Genzeon, Humata Health, Innovaccer, Virtix Health, and Zyter — will support reviews of

selected high-risk services, including spinal procedures, neurostimulators, and skin substitutes.

- Traditional Medicare's decades-old claims processing infrastructure – still [based](#) on [COBOL](#) programming language developed in the 1950s -- could soon **be replaced with a modern, cloud-based platform**, judging from a [request for information](#) (RFI) issued by CMS. The goal is a new "ClaimsCore" program that would speed claims resolution, provide "near-real-time explanations of benefits" and "seamless digital access to claims and explanations," the document says.
- **Chinese state-backed cyberattackers known as "Typhoons" are broadly infiltrating** multiple U.S. telecommunications and other computer systems, posing growing risks to health care and public health. A new short [video](#) from the HHS Cyber Gateway, together with a set of [cybersecurity performance goals](#), describe the threats and practical steps that organizations can take to strengthen their defenses.

## APG Announcements And Offerings

- Registration is now open for the **APG Spring Conference 2026: Delivery, Dollars, And Determination: Challenges and Opportunities In Accountable Care** to be held May 27-29 at the Marriott Marquis Marina in San Diego. Please [register now](#) to take advantage of the *lowest rates of the year* with Super Early Bird Savings!
- **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!
- APG will host a sponsored webinar, "**Unpacking the Mandatory ASM (Ambulatory Specialty Model): What to Know & How to Prepare**," Presented by Forvis Mazars, on Tuesday, February 3, at 2:00 pm ET. [Register here](#).
- APG will host a sponsored webinar for APG members only presented by Merck: "**Recognizing and Addressing the Risks and Shifting Epidemiology of Adult Pneumococcal Disease**" on Thursday, February 5, at 3:00 pm ET. APG Members may contact Lura Hawkins at [lhawkins@apg.org](mailto:lhawkins@apg.org) to register.
- Want to get more involved in APG's Federal advocacy efforts? [Join APG Advocates today](#).

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