



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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CMS Proposals For Medicare Advantage In 2027 Risk Further Program Destabilization

New proposals for a minimal increase in 2027 government payment to Medicare Advantage (MA) plans and changes in risk adjustment will further destabilize an already troubled program, APG and other organizations warned this week. If adopted by the Centers for Medicare & Medicaid Services (CMS), the proposals could lead to further withdrawals of plans and providers from the MA market, loss of benefits for enrollees, and further payment pressures on APG member organizations. The affected group could include APG members partnered with MA plans in two-sided risk arrangements that [research](#) has shown are delivering

superior care outcomes for patients, in large part because they develop the skills and infrastructure needed to manage care well.

In a [statement](#), APG pointed to aspects of the agency's newly released [Medicare Advantage \(MA\) Advance Notice](#) that raise multiple concerns. CMS actuaries projected a so-called "effective growth rate" in spending of just under 5 percent for 2027 in the benchmark Traditional Medicare program — well below the [average 7.8 percent annual average growth rate](#) in overall health spending that the agency's actuaries have projected elsewhere. The effective growth rate is the starting point for determining what MA plans will be paid, and APG noted that it seemed implausibly low, given large ongoing increases in costs and utilization across the health care system.

Multiple changes in risk adjustment appear to have lowered the payment calculus further — such as a proposal to eliminate risk-adjusted payments from diagnostic coding triggered by [chart reviews](#) unless the corresponding health plan [encounter data](#) shows a direct link to already-provided care. On average, MA plans would receive a paltry 0.09 percent increase over 2026, well below the rate of general price inflation and, effectively, an average payment cut in real terms.

Harming the ecosystem: As APG has frequently noted, Medicare Advantage is an ecosystem — one in which health plans generally do not provide health care to enrollees, but channel monies to the physician groups and other care providers who do. Less money going to MA plans can translate into fewer benefits for enrollees and more challenges for their health care providers, especially in light of large disruptions stemming from adoption of the V28 risk adjustment model that has [helped drive MA plan margins to historical lows](#) and exacerbated payment disputes between plans and providers.

Chris Klomp, Director of Medicare and Deputy Administrator of CMS, said this week that the point of CMS's proposals was not to disrupt MA further but rather to ensure the program's long-term sustainability and stability. "We are massively in support of Medicare Advantage," he [told](#) a Paragon Health Institute conference. "It is a critical component of the future of Medicare." Nonetheless, APG has launched an advocacy campaign to make policymakers aware of its concerns and is seeking members' additional data and analyses to shed light on potential program risks. As noted below, APG will hold an educational session for members and seek their feedback to prepare its comments back to CMS, which are due Feb. 25.



Federal Government Is Back on Brink Of Partial Shutdown, Jeopardizing Health Care Measures

An unforeseen chain of extraordinary events left the federal government on the brink of a partial shutdown of undetermined duration today, as Congress [wrestled with demands](#) for reining in actions by Immigration and Customs Enforcement (ICE) agents. The turmoil leaves up in the air — at least temporarily — the fate of the

remaining fiscal 2026 spending bills and multiple health care measures, including a two-year extension of Medicare telehealth flexibilities and renewal of Medicare's Advanced Alternative Payment Model bonuses ([Washington Update](#), Jan. 23, 2026).

Last weekend's [shooting death](#) in Minneapolis of a Veterans' Affairs ICU nurse Alex Pretti by ICE agents triggered a national outcry and Senate Democrats' demands for new ICE guardrails in the Department of Homeland Security (DHS) spending package. President Trump agreed to negotiate, and as of Thursday, a deal was struck to enact most of the fiscal 2026 spending package permanently and to extend DHS funding for just two weeks while discussions over new ICE guardrails continue. But as of today, it appears that there will be at least a weekend-long lapse in federal funding until the House of Representatives returns on Monday to vote its end of the agreement into law.

Multiple other disagreements could still disrupt the process further, prompting a longer shutdown or still other outcomes. APG will keep members apprised of steps to take if the telehealth flexibilities expire yet again, as they did in last fall's partial government shutdown.



New Appointees To Autism Advisory Panel Reflect Discredited Belief Of Vaccine Link

A key advisory group that coordinates federal efforts on autism spectrum disorder and advises the Secretary of Health and Human Services was [overhauled](#) this week and stocked with multiple antivaccine advocates and vaccine skeptics. The move continues the Trump administration's efforts to cast a cloud over longstanding vaccine science and remake the federal research agenda around pseudo-scientific beliefs.

A group of 8 out of 21 new appointees to the [Interagency Autism Coordinating Committee \(IACC\)](#) includes John Gilmore, who leads a group called the Autism Action Network and has said his son with autism was "vaccine injured," the *Washington Post* reported. Another anti-vaccine activist, Ginger Taylor, mother of a child with autism, said in a post on X on that "many or most cases of autism involve vaccine causation to some degree."

Threat to science: Coupled with HHS Secretary Robert F. Kennedy Jr.'s previous [promise](#) to rapidly find the cause of autism — and President Trump's fixation on a [dubious link](#) among pregnancy, acetaminophen use, and autism ([Washington Update](#), September 26, 2025)— the latest move continues the administration's marked shift away from evidence-based policymaking. [David Amaral](#), a longtime autism researcher from the MIND Institute at the University of California at Davis, told STAT News that the remade panel "does not reflect the same balance" of scientific expertise that it previously featured and risks further politicizing federally funded research and autism policy.

Meanwhile, in a separate action this week, the Trump administration told [Gavi, the Vaccine Alliance](#), that it would resume funding its efforts to distribute vaccines to poor countries only if the organization stopped supplying vaccines containing thimerosal, a mercury-based preservative included in some vaccines and falsely believed to be linked to autism. Under Secretary Kennedy, HHS last year adopted recommendations from the Centers for Disease Control and Prevention's reconstituted Advisory Committee on Immunization Practice to thimerosal from all influenza vaccines distributed in the United States.



In Case You Missed It

- **APG [asked](#) CMS to proceed slowly and transparently in making changes in Medicare Advantage risk adjustment in response to the agency's recent request for information** in a proposed [federal rule](#). APG urged the agency to share data with stakeholders well in advance of final decisions and avoid changes that further strain risk-bearing relationships between MA plans and risk-bearing physician groups.
- **Reengineering Medicare ACOs so that they are more competitive with Medicare Advantage** would enable Medicare beneficiaries greater choice in selecting high-value care, write former CMS Innovation Center leaders Elizabeth Fowler and Purva Rawal in [Health Affairs Forefront](#).
- Amid **growing doubts over federal vaccine recommendations**, the American Academy of Pediatrics (AAP) [announced](#) that it **established its own independent vaccine advisory** committee to develop evidence-based immunization recommendations for pediatric care.
- **Fifteen more drugs — including the first four paid for under Medicare Part B, rather than Part D — have been [selected](#) for the third cycle of the Medicare Drug Price Negotiation program.** The Part B drugs to be up for negotiation include Botox, Botox Cosmetic, Entyvio for ulcerative colitis and Crohns disease, and Xolair for chronic hives.
- **Pharmaceutical manufacturers' direct-to-consumer drug sales can proceed under specific circumstances without risking violation of anti-kickback law**, HHS advises in new [guidance](#). The agency also issued a [request for information](#) on whether to establish a formal regulatory safe harbor for direct-to-consumer drug sales.
- **Cuts in Medicaid spending will have major impact on the nation's children**, based on new [CMS enrollment data](#) showing that children constitute 35.9

percent of all Medicaid beneficiaries nationally. Some states cover up to 75 percent of children and 67.9 percent of births, the data show.

- In a move reflecting the Trump administration's new MAHA health priorities, the Environmental Protection Agency [announced](#) it **will conduct an accelerated, comprehensive review of the use of fluoride in drinking water** — a step that could drive new federal recommendations and regulatory scrutiny. Last year, Utah became the first state to [ban](#) fluoride in drinking water, an action celebrated by Secretary Kennedy.
- “Employing Innovative Technology to Enhance Quality & Lower Spending” is the focus of the **Center for Value-Based Insurance Design [Virtual V-BID Summit](#)** on Wednesday, March 11, 12:00-4:00 PM EST.



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 to register.

An **APG Learning Session on the Medicare Advantage 2027 Advance Notice** and how it will affect APG members is scheduled for Tuesday, February 10, 3:00 pm-4:00 pm ET. You can register for the webinar [here](#).

A **members - only APG Focus Group** to solicit feedback on the Medicare Advantage 2027 Advance Notice for APG's comment letter to CMS will take place on Thursday, February 12, 3:00 pm - 4:00 pm ET. To register for the focus group, please contact Jenifer Callahan at jcallahan@apg.org.

Want to get more involved in APG's Federal advocacy efforts? [Join APG Advocates today](#).

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