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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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## **Key Health Measures, Ample Funding For Major Health Programs Enacted As ACA Tax Credit Talks Stall**

A brief partial government shutdown ended and key health measures became law this week as Congress adopted — and President Trump signed into law — a [fiscal 2026 appropriations package](#) that also rejected the administration's deep cuts in key health agencies and programs. At the same time, as separate bipartisan negotiations stalled, it appeared less likely than ever that lawmakers would agree to revive the Affordable Care Act's now-expired enhanced premium tax credits (EPTCs).

The final 2026 funding package accomplished the following:

- Rejected huge cuts that the Trump Administration proposed in the budgets of the National Institutes of Health and the Centers for Disease Control and Prevention and preserved

funding for global health programs that the administration planned to axe.

- Rejected the proposed consolidation of multiple agencies within the Department of Health and Human Services under a new Administration for a Healthy America, plans for which were also scotched.
- Extended funding for community health centers through this calendar year; for many of Medicare's telehealth flexibilities through 2027; and for Medicare's Acute Hospital Care at Home waiver program through September 2030.
- Renewed Medicare's Advanced Alternative Payment Model (AAPM) bonuses at 3.1 percent for performance year 2026, with qualifying participants required to receive at least 75 percent of their Part B payments — or to see at least 50 percent of their Medicare patients — through AAPMs.

In contrast to the at-last successful effort to fund the government for 2026, talks between Senate negotiators from both parties over extending the EPTCs [collapsed](#) this week due to multiple areas of disagreement. An earlier House-passed measure to extend the credits for three-years now appears to be an orphan ([Washington Update](#), January 9, 2026). The impasse comes as a new [KFF Health Tracking Poll](#) shows widespread public concern about rising health care costs and strong support for subsidy-like assistance, underscoring voter anxiety and anger over coverage affordability and lack of final congressional action.



## **Medicare ACO Participation Estimated To Grow In 2026 Amid Flux Among Models**

More Medicare beneficiaries will be attributed to accountable care organizations (ACOs) in 2026 versus 2025, although there is ongoing flux among ACO models, the Centers for Medicare & Medicaid Services [reported](#) this week. The agency estimates that 14.3 million Medicare beneficiaries — a 4.4 percent increase over last year — will be attributed to all forms of Medicare ACOs this year, with the largest number, 12.6 million, participating in the Medicare Shared Savings Program (MSSP). MSSP will also count 511 total ACOs participating in the program, up from 476 in 2025, a 7 percent increase.

In contrast to MSSP, other types of ACOs are seeing retrenchment, according to APG's analysis of CMS data. ACO REACH has taken proportionally the largest hit, with a 28 percent decline in the number of ACOs (103 in 2025, dropping to 74 this year); a 22 percent decline in the number of participating providers (falling from nearly 161,000 to nearly 126,000), and a 32 percent decline in the number of

enrollees. With the REACH program set to end this year, many organizations have moved to MSSP; some others may enter the new [Long-term Enhanced ACO Design \(LEAD\) Model](#) beginning in 2027 ([Washington Update](#), December 19, 2025). The [Kidney Care Choices \(KCC\)](#) model has also lost participants, declining from 90 to 74 (18 percent) and losing 8 percent of enrollees (roughly 257,000 to 237,000).

**Challenges and opportunities:** Given the flux in ACO participation, APG responded to a recent request for information from the Congressional Doctors' Caucus on reauthorization of the 2015 [MACRA](#) law by advising that steps should be taken to make the key contours of ACO models more predictable for participants. Meanwhile, APG's ACOs advocacy coalitions that are focused on the different ACO models continue to grapple with the same issues, such as the setting of spending benchmarks that determine ACO performance, and provisions to hold ACOs harmless for fraudulent, wasteful, and abusive spending outside of their control.

APG is also creating a new Specialty ACO Model advocacy coalition this year for its members participating in KCC, the [Transforming Episode Accountability Model \(TEAM\)](#), and future models focused on specialists. Please watch future APG Announcements and Offerings below for details.



## **Federal Vaccine Advisers Shift Focus to “Safety,” Not Effectiveness, As Measles Outbreak Spreads**

Still more signs are emerging of fundamental shifts in the federal vaccine framework, with the key CDC advisory group now charged with prioritizing real and perceived vaccine safety issues over evaluating vaccine effectiveness, according to news reports. At the same time, the level of alarm over the changes appears to be rising at least somewhat in Congress, along with reports of a growing global measles outbreak.

According to [Politico](#), the new chair of the Advisory Committee on Immunization Practices, Kirk Milhoan, MD, PhD, says the panel should now be viewed “more as a safety committee” and that vaccine efficacy “will be secondary” in the committee's deliberations. Milhoan, a pediatric cardiologist and former U.S. flight surgeon who is also a COVID vaccine skeptic and evangelical pastor, was appointed to ACIP last year following the panel's reconstitution by HHS Secretary Robert F. Kennedy, Jr. He has also suggested that childhood vaccines for measles and polio should be [optional](#) for

school entry and has [said](#) that he rejects “established science,” voicing the belief that “Science is what I observe.”

Concerns over such views dogged a [hearing](#) this week of the Senate’s Health, Education, Labor and Pensions Committee, at which lawmakers from both parties pressed NIH Director Jay Bhattacharya on the administration’s shifting vaccine posture. Although vocal in his support for many vaccines – he said he was “absolutely convinced” that parents should vaccinate their children against measles — he also said that the administration’s unorthodox approach was aimed at regaining public trust. “If you keep on telling people permutations of what is false, they don’t know who to believe,” [responded](#) committee chair Sen. Bill Cassidy (R-LA).

The exchange came in a week when the Pan American Health Organization [warned](#) that more than 1,000 new measles cases were confirmed in the first weeks of 2026 in seven countries across the Americas, including the United States, Mexico, and Canada. The organization said that, among confirmed cases about which it had information about vaccination status, 78 percent were unvaccinated, while the vaccination status of 11 percent of cases was unknown.



## In Case You Missed It

- **The website [TrumpRx.gov](#) opened for business this week**, enabling people who are either uninsured or not seeking to use their insurance coverage to identify list prices for 40 branded prescription drugs and obtain coupons to purchase them at pharmacies or elsewhere. The drugs are from the first five manufacturers to sign “most-favored nation” pricing agreements with the Trump administration. The website is operated by the company GoodRx, which also provides discount coupons for drugs on its separate [website](#).
- **A final rule from the Centers for Medicare & Medicaid implements changes from HR 1** to limit the state directed payments (SDPs) used to enable Medicaid managed care organizations to boost provider payment rates. A [KFF analysis](#) shows that California will be the hardest hit, with smaller but significant impact on Washington, Oregon, and North Carolina. At the same time, new CMS [guidance](#) clarifies terms for a phase-down of SDPs approved by CMS before certain dates last year.
- **States are implementing HR 1’s Medicaid work requirements and financing changes with enrollment and federal support already declining**, increasing the risk of

additional coverage losses driven by administrative churn rather than eligibility, according to new [MACPAC data](#). Medicaid and CHIP enrollment fell to 78 million by July 2025 — down 2.8 percent from 2024 — following the end of the pandemic-era continuous coverage requirements.

- **New federal restrictions on H-1B visas could worsen existing health care workforce shortages**, particularly in rural and underserved areas, by reducing the pipeline of specialized clinicians relied on by many health systems. A new [brief from KFF](#) finds that health care [H-1B](#) approvals had been rising through FY 2025 — concentrated in large states like California and New York — but recent Trump administration policies, including a steep increase in entry fees, are likely to reverse that trend and strain an already fragile workforce.
- **House Energy and Commerce Committee members said at a [hearing](#) this week that scrutiny of Medicare and Medicaid fraud is set to intensify**, citing [recent enforcement actions](#) and arguing for stronger oversight tools. Meanwhile, some panel Democrats cautioned against policies that could unintentionally restrict access or burden legitimate providers.
- With the [announcement](#) of a \$100 million “[Great American Recovery](#)” initiative this week, HHS Secretary Kennedy **signaled a potential shift in how federal addiction, mental health, and homelessness funding is delivered**, including expanded support for community- and faith-based organizations. The move could reshape local recovery systems, while raising questions about oversight, eligibility standards, and other concerns as funding flows beyond traditional health care providers.
- **A new \$100 million federal [prize competition](#)**, launched by the Biomedical Advanced Research and Development Authority (BARDA), is aimed at accelerating development of treatments for high-risk viral diseases such as dengue, Zika, West Nile, and Chikungunya.



## APG Announcements And Offerings

- Registration is 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. Please visit our [Spring Conference 2026 sponsor website](#) and reserve your space today.
- 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. Please 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](mailto:jcallahan@apg.org).
- Want to get more involved in APG's Federal advocacy efforts? [Join APG Advocates today](#).