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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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## **Increased Payment Update In Medicare Advantage Rate Notice Is Welcome, But Issues Remain For MA Plans And Providers**

This week's release of the 2027 [Medicare Advantage \(MA\) rate notice](#) – with its welcome news of a higher-than-expected average 2.48 percent payment lift for MA plans – now triggers complex decision-making as MA plans prepare their bids for the government and contemplate the benefits, premiums, and provider contracts that they will offer in the months ahead. Yet although multiple positive changes were made from the original Advance Notice released in January, APG and other MA stakeholders remain concerned that the increased payment may not be sufficient to assure stability in the

MA market at a time of rising health care utilization and other cost pressures.

In its own [news release](#) about the final rate notice, APG thanked the Centers for Medicare & Medicaid Services (CMS) for the welcome changes in it – including a small shift upward in the effective growth rate, or the estimated growth of per-capita costs in fee-for-service Medicare that serves as the starting point for determining payment to MA plans. Also welcome was CMS’s decision to retain the current V28 risk adjustment model for next year rather than introducing more, potentially destabilizing changes before the MA ecosystem has fully absorbed V28’s impact.

Even with the more generous payment update than CMS originally offered, MA plans are expected to face ongoing pressure: As a new Avalere [analysis](#) notes, in percentage terms, the 2027 payment hike will be less than half what plans got for 2026. It also appears likely to lag projected cost trends that MA plans themselves expect and may thus prompt them to continue adjusting their supplemental benefits offerings, narrow their provider networks, and reassess their participation in less profitable or money-losing markets. APG will continue to monitor developments and keep members apprised of the outlook, and in the meantime, also thanks its members who participated in APG’s effective advocacy leading up to the rate notice.



## **Tweaks In Model Testing Prior Authorization In Traditional Medicare Highlight Ongoing Scrutiny Of CMMI**

The recent formal [announcement](#) that the Center for Medicare and Medicaid Innovation (CMMI) would delay including two of 15 products and procedures in its planned [WISeR model](#) ratifies earlier decisions that these two procedures were – for various reasons – not ready to be subjected to a novel prior authorization approach in traditional, fee-for-service Medicare. But it also underscored the agency’s ongoing need to tread carefully amid the intense scrutiny it continues to face in Congress and elsewhere.

The two procedures dropped for now from the WISeR model—deep brain stimulation (DBS) for Parkinsons disease and essential tremor, and percutaneous image-guided lumbar decompression (PILD) for spinal stenosis—were removed for different reasons and after extensive feedback from clinical groups. DBS is a complex, time-sensitive procedure whose effectiveness and safety could be reduced through prior authorization-induced delays. PILD is now

being studied under Medicare's Coverage with Evidence Development program and beneficiaries can only receive the procedure with Medicare payment if they are enrolled in one of the CMS approved studies – facts that clearly lessen the rationale for subjecting PILD to prior authorization, at least for now.

**Under the microscope:** The WISeR model, testing prior authorization in traditional Medicare in six states, will continue to move forward with the 13 remaining products and procedures, including controversial use of skin substitutes ([Washington Update](#), Nov. 7, 2025). APG continues to support the model as a key test of how best to eliminate costly low-value health care. But the model has faced some [opposition](#) in Congress, even as CMMI continues to provoke some lawmakers' ire. The latest example: Renewed calls from some House Republicans and [outside organizations](#) to scale back or overhaul the agency, based in part on a new [GAO report](#) underscoring the well-known fact that only four of the 70 models that CMMI has tested since 2011 have been expanded nationwide and fully incorporated into Medicare after achieving net savings.

In a [statement](#) responding to the GAO report, House Budget Committee chairman Jodey Arrington (R-TX) said that “CMMI’s mission is too important to abandon,” but that “it’s time for real accountability, models that actually deliver results.” APG continues to support the existence and role of CMMI and believes that its future is key to the expansion of accountable care.



## **Revamp Of Antiquated CMS Computer Systems In Traditional Medicare And Medicaid Part Of Fiscal 2027 Budget Request**

CMS would gain resources to modernize claims processing in traditional Medicare and federal data systems in Medicaid if Congress approves portions of the Trump administration's fiscal 2027 budget request released last week. For physician groups and accountable care organizations (ACOs), the Medicare upgrades could enable faster access to claims data and more timely insight into utilization and cost trends, while improved Medicaid data systems could enhance efforts to prevent and root out fraud and abuse, among other objectives.

**From COBOL to the Cloud:** In an [abbreviated version](#) of the request for the Department of Health and Human Services (HHS), the administration describes the need to replace the existing 40- to 50-year old COBOL based claims processing systems in traditional Medicare as necessary to “support the Administration’s value-based

care goals and its ambition to bend the healthcare cost curve.” CMS described its proposed “ClaimsCore” program in a [request for information](#) released last January as an effort to build a cloud-based platform that would deliver instant adjudication, real time claims status, and “improved fraud prevention capabilities,” among other desired features. The ultimate objective is to replace multiple CMS systems, including the Durable Medical Equipment Claims System, with a single enterprise platform. According to a report in *Inside Health Policy*, the budget proposal requests about \$80 million to start what would presumably be the earliest work on the new program, which could be expected to cost multiple billions of dollars to fully implement.

The budget request also includes \$25 million to explore modernizing Medicaid data systems, with a focus on improving federal visibility into state-level activity and strengthening fraud detection efforts. Investments in Medicaid data systems could also support more coordinated care for complex populations, surely to be a growing need as both the Medicaid and Medicare populations grow and age.



## In Case You Missed It

- **An [amended](#) charter for the Centers for Disease Control and Prevention’s Advisory Committee on Immunization Practices** — which calls for an unspecified “balance of specialty areas”— was published this week in the Federal Register. The notice appears to signal an effort to lay the groundwork for creation of a new committee, presumably with those less focused on immunization, epidemiology, or other related fields. As previously reported, a Massachusetts federal district court judge earlier blocked last year’s reconstitution of ACIP by HHS Secretary Robert F. Kennedy Jr. ([Washington Update](#), March 20, 2026)
- **California [legislation](#) requiring schools to notify parents when vaccination rates fall below herd immunity thresholds** advanced out of a key CA health legislative committee this week. The proposal comes as measles outbreaks—largely among unvaccinated children—spread across more than 30 states, along with [reported upticks](#) in cases of haemophilus influenzae type B, also linked to non-vaccination.
- **The use of ambient scribing linked to electronic health records and AI-based coding systems is increasing coding intensity by hospitals**, triggering higher diagnosis-related-group payments and hospital bills, according to a recent

[report](#) from the Blue Cross Blue Shield Association. The report does not indicate whether the same phenomenon is being seen in health care settings beyond hospitals.

- **Health plans [report](#) eliminating 11 percent of prior authorization requirements, or conducting about 6.5 million fewer such requests**, under [voluntary commitments](#) made to CMS and HHS. UnitedHealthcare also [updated](#) its Gold Card program to remove additional services from prior authorization requirements effective April 1.
- **[Polling](#) suggests that voters want immediate relief from high health care outlays**, such as limits on premium hikes and lower hospital prices, according to the left-leaning Center for American Progress, which also released its own [plan](#) for lowering costs.
- **The Make America Healthy Again (MAHA) movement is drawing broad support but lacks a clear policy center**, with backers prioritizing food and environmental health issues over vaccines and diverging on key priorities, a new [Politico poll](#) suggests.



## 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](#).
- **Sponsorship is also now open for the Spring Conference.** Please visit our [Spring Conference 2026 sponsor website](#) and reserve your space today.
- APG will host the following webinars, forum meetings, and other sessions in the coming weeks:
  - **An AI in Value-Based Care webinar on Tuesday, April 14, 2:00 pm - 3:00 pm ET.** Speakers will address specific insights and experiences in the application of AI tools and frameworks to address claims and denials, encounter billing, and prior authorization. **Please register [here](#).**
  - **A members only webinar on important CMS CMMI LEAD model updates on Wednesday, April 15, 2:00 pm - 3:00 pm ET.** Hear directly from CMS Innovation Center (CMMI) leaders about the model and get your questions answered. APG members may contact Jenifer Callahan at [jcallahan@apg.org](mailto:jcallahan@apg.org) to register.

- **A Pediatric Care Forum Meeting on Thursday, April 16, 12:00 pm - 1:00 pm ET.** This forum explores the evolution of a multi-year telemedicine enabled transitions of care program designed to stabilize the most fragile and complex patients as they move from the high-touch neonatal intensive care environment to the community ambulatory care setting.  
**Please register [here](#).**
- The next **Emerging Trends in Health Care** webinar on **Thursday, April 16, 4:00 pm - 5:00 pm ET.** Please join Valinda Rutledge and her guest Amy Gleason, Acting Administrator of U.S. DOGE Service and Strategic Advisor to the Centers for Medicare & Medicaid Services (CMS) for a discussion on the Health Tech Ecosystem.  
**Please register [here](#).**
- A members-only sponsored webinar presented by Merck: **“Help Prevent RSV Lower Respiratory Tract Disease in Infants in their First RSV Season”** on Tuesday, April 28, 3:00 p.m. ET. APG Members may contact Lura Hawkins at [lhawkins@apg.org](mailto:lhawkins@apg.org) to register.
- An **APG Learning Session re: 2027 Medicare Advantage (MA) Final Rate Notice and Technical Rule** on **Wednesday, May 6, 12:00 pm - 1:00 pm ET.**  
**Please register [here](#).**
- Want to get more involved in APG's Federal advocacy efforts? [Join APG Advocates today](#).

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