



June 12, 2026

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

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## **Medicare Physician Payment To Continue Falling In Real Terms As Other Costs Rise, Trustees Say**

For the 15<sup>th</sup> straight year, Medicare's trustees warned in their [annual report](#) this week that beneficiaries' access to high-quality health care is likely to decline over time due to the program's low and falling physician payment rates. Framing the fiscal quandary ahead, however, actuaries for the Centers for Medicare & Medicaid Services also modeled an alternative future scenario in which physician payment rises in line with practice cost inflation. That analysis demonstrated, unsurprisingly, that without offsetting cuts, the result would be higher spending in a program whose cost is already unsustainable.

The trustees – who include the secretaries of the Treasury and Health and Human Services, the Social Security commissioner, and the acting secretary of Labor – noted that the Medicare physician payment rates set in current law are not “expected to keep pace with the average rate of physician cost increases.” The result has been a one-third decline in inflation-adjusted Medicare payment rates since 2001, such that they are now just 64 percent of what physicians are paid by private health insurance, according to the report. But if, instead of continuing to fall in real terms under current law, physician payment was linked to the [Medicare Economic Index \(MEI\)](#) and thus to annual inflation in practice costs, overall Medicare costs as a share of GDP would rise from 4.1 percent at present to 7 percent of GDP by 2050, or 0.5 percentage points higher than currently projected. In effect, Medicare spending that year would be about \$185 billion to \$250 billion higher than it would if physician payment rates were not linked to the MEI.

**Inaction ahead?** Examining other parts of Medicare, the trustees forecast that reserves in the Medicare Hospital Insurance Trust Fund will be depleted in 2033, necessitating at least an 11 percent cut in payments for inpatient hospital care. The shortfall in that part of the program has grown substantially in just a year, thanks to lower revenues (including from lower taxes on Social Security benefits resulting from last year’s reconciliation law, lower fertility and fewer younger workers, and less immigration) and higher projected spending on hospitals and skilled nursing facilities. Medicare Part D spending is also projected to rise sharply amid growing use of GLP-1 and costly specialty drugs and the Inflation Reduction Act’s generous [benefit changes](#).

With equally grim [projections](#) ahead for the Social Security trust funds, the case for congressional action seems clearer than ever – even as the current political environment appears to guarantee inaction for the indefinite future.



## **Congress’s Annual Battle Over Health Spending Officially Joined With Advance Of House Bill**

The stage appears set once again for a showdown over fiscal 2027 health spending, as the House Appropriations Committee this week [approved](#) a spending bill that would cut funding for the Centers for Disease Control and Prevention, provide a modest increase for the National Institutes of Health, eliminate the Agency for Healthcare Research and Quality, and trim other key Health and Human Services department agencies. Committee Republicans said

the measure prioritized fiscal discipline and program effectiveness, while Democrats warned that its provisions would weaken public health.

The Senate, meanwhile, has not yet announced its schedule for marking up 2027 appropriations bills, but it appears likely that it will once again up the ante on proposed spending in key areas in the House Labor, Health and Human Services, and Education bill, as it did last year.

**None the WISer:** In a rare instance of bipartisan agreement, the House panel [cut funding](#) to implement the Center for Medicare and Medicaid Innovation's [WISer model](#), a six-state experiment to limit spending in traditional Medicare on a list of services broadly deemed subject to waste, fraud, and abuse. House Democrats, in particular, have attacked the model on multiple grounds, chiefly for introducing broader prior authorization into traditional Medicare ([Washington Update](#), Nov. 14, 2025). APG continues to support testing the model as means of curbing Medicare spending on low-value services.



### **Affordable Care Act Marketplace Rule Will Cause Three Million To Lose Coverage, Lawsuit Says**

CMS's recently adopted Affordable Care Act (ACA) marketplace rule for 2027 heralds enrollment declines and further destabilization for that market, given expanded availability of catastrophic plans, elimination of standardized plan requirements, and new verification and enrollment requirements ([Washington Update](#), May 22, 2026). This week, a coalition of cities, counties, and health and small-business advocacy groups [sued](#) in a Maryland federal district court to block the rule, contending that it "is a continuation of the prior Trump Administration's years-long effort to undermine the ACA."

**Coverage erosion:** The lawsuit argues that adoption of the rule violated federal administrative law when the agency failed to respond adequately to more than 5,000 public comments filed during a truncated one-month comment period. It also contends that many of the rule's provisions violate aspects of the underlying ACA itself – for example, by permitting insurers offering bronze or catastrophic plans to exceed the statutory maximums in the law for permissible out-of-pocket spending. The plaintiffs contend that the effect of the rule will be to raise premiums for the qualified health plans in the marketplace, limit coverage under those plans, and "will

almost certainly cause” at least three million fewer people to enroll – about one million more than CMS’s own estimate.

The resulting increases in the number of persons uninsured or underinsured will impose higher costs on municipal budgets and safety-net clinics and services, the suit says. As previously reported, multiple APG member organizations report that they are already experiencing losses of patients enrolled in ACA health plans due to expiration of the enhanced-premium tax credits last year. APG will continue to monitor the situation and press its advocacy against efforts to dismantle the ACA.



## In Case You Missed It

- **Medicare Advantage organizations (MAOs) reversed 95 percent of initial prior authorization denials for skilled nursing facility (SNF) care once they were appealed**, a [review](#) by the HHS Office of the Inspector General found. The 19 MAOs reviewed had denied 12 percent of initial requests for SNF admission, with initial denial rates ranging from 0.4 percent to 23 percent.
- **Millions of Medicaid enrollees may be unprepared for sweeping eligibility changes** set to take effect in 2027, according to a new Health Management Academy [survey](#). More than half were unaware of forthcoming work requirements and 85 percent did not know they will have to renew coverage every six months rather than annually.
- **A federal judge [blocked](#) the Trump administration’s proposed \$100,000 fee on H-1B visas**, preserving a key hiring pathway for hospitals, physician groups, and other employers that rely on international medical graduates and skilled foreign workers.
- **A new** internal CMS division, the Office of Health Technology and Products, has been [established](#) to modernize CMS’s internal health care information systems, manage platforms such as Medicare claims systems, and oversee CMS-specific interoperability policies.
- **Only 50 percent of U.S. adults say they trust health recommendations from the Centers for Disease Control and Prevention (CDC)**, down from 77 percent a year ago, according to a [poll](#) sponsored by the Harvard T.H. Chan School of Public Health and the de Beaumont Foundation.

- **A growing number of U.S. medical schools have committed to incorporating new [nutrition education standards](#) into their curriculums**, HHS and the Department of Education [announced](#) this week. Eight major accrediting and medical organizations also agreed to strengthen nutrition standards across medical education and residency programs.
- **American Medical Association delegates [elected](#) Sandra A. Fryhofer, MD, an outspoken critic of HHS Secretary Robert F. Kennedy Jr., to become the AMA's next president in June 2027.**



## APG Announcements And Offerings

- **APG is now accepting abstracts for the 2026 [Case Studies in Excellence](#) series.** Showcase your organization's innovative value-based care initiatives for the opportunity to be featured in APG publications, conferences, and social media. Submissions are due June 26. Click [here](#) for submission guidelines and [here](#) to submit your abstract. ***This opportunity is for APG members only.***
- APG will host a sponsored webinar about the **APG Group Purchasing Program (GPO)** on Wednesday, June 17, at 2:00 pm ET. Four companies participating in APG's GPO — Altura, COPE Health Solutions, Una, and Ventegra — will present on their offerings and special pricing for APG members. Please register [here](#).
- **APG's inaugural Women's Health Summit** will take place on **Thursday, July 23, from 9:00 a.m. to 4:00 p.m. PT. in Los Angeles, CA.** Registration, exhibits, and a keynote book signing will take place from 8:00 a.m. to 9:00 a.m. ***This conference is open to APG members only.*** Please email [lhawkins@apg.org](mailto:lhawkins@apg.org) for registration information.
- **Please save the date for the Virtual 25th Silver Anniversary [Population Health Colloquium](#), December 9-11**, focused on innovations in population health and care coordination and bringing together leaders across health policy, research, and delivery system transformation.
- **Want to get more involved in APG's Federal advocacy efforts?** [Join APG Advocates today.](#)