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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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Medicaid Work Requirements Rule To Go Into Effect Even As The Fight To Block It Continues

The controversial federal [rule](#) implementing Medicaid work requirements will go into effect at midnight tonight despite legal efforts to block it and broad opposition from health care groups, including APG, the American Medical Association, and many others. A Massachusetts federal district court judge this week [determined](#) that the 25 states and the District of Columbia that sued to block the rule ([Washington Update](#), July 10, 2026) had failed to demonstrate that they would be irreparably harmed and declined to stay the rule while litigation over it continues.

The judge's ruling effectively means that states must continue to prepare for the implementation of [work requirements](#) effective

January 1, 2027, and the [multiple operational and other changes](#) that will be necessary to enforce them. But the judge promised a “full briefing of the merits” of the case before that deadline, including whether the Centers for Medicare & Medicaid Services (CMS) violated federal administrative law by toughening various terms of the work requirements beyond what Congress enacted in the 2025 reconciliation law. CMS has [argued](#) that Congress “explicitly delegated to the Secretary” of Health and Human Services the authority “to implement the law, including defining which Medicaid beneficiaries can be exempted from meeting work requirements on the grounds of “medical frailty.”

Dire outcomes: APG’s [comment letter](#) submitted to CMS this week criticized the agency’s proposal to include ability to work in the definition of medical frailty, such that even Medicaid beneficiaries with “serious and complex” conditions with cancers or end-stage renal disease might still be required to work, volunteer, or pursue education for 80 hours per month if they could still do so. APG wrote that states would be unable to make such determinations, so that the burden would inevitably fall on physicians to “sit as judge and jury on their [sick Medicaid patients’] ability to work.” APG and others, including the [AMA and the Massachusetts Medical Society](#), have argued that the work requirements and other provisions of the law will cause millions of Medicaid beneficiaries to lose coverage – a consequence that APG singled out as disastrous for value-based care arrangements, which by definition must be negotiated with a payer providing coverage.



Public Health Concerns Mount; Post-Pandemic Retribution Endures Amid Efforts To Right Ship

Public health concerns and controversies again took the spotlight this week, as key nominations advanced in Congress, funding gaps for fighting pandemic-scale threats were highlighted, and efforts to relitigate the COVID pandemic led to another painful episode for one of the nation’s premier public health servants, as follows:

- The Senate Health, Education, Labor and Pensions (HELP) committee narrowly [voted](#) to approve the nominations of Erica Schwartz, MD, to lead the Centers for Disease Control and Prevention, and of Sean Kaufman, MD, to head the Administration for Strategic Preparedness and Response (ASPR) at HHS. The nominations will now go to the full Senate for a vote, most likely next week. HELP committee

chair Sen. Bill Cassidy (R-LA), who had earlier expressed concerns about the nominees' seemingly ambiguous vaccines views ([Washington Update](#), July 17, 2026), [said](#) he had received assurances that Kaufman in particular “will not be involved in vaccine policy, nor will he be the ultimate decision-maker on certain issues” such as the use of mRNA vaccines “because of his past statements” questioning their safety. The ongoing vaccine dispute comes as the *Wall Street Journal* reports that President Trump is pressing Health and Human Services Secretary Robert F. Kennedy Jr. do go even further in his crackdown on vaccines.

- The federal government will need \$67 billion more over the next five fiscal years to address various public health threats, a newly released [budget projection](#) from an interagency [coordinating body](#) shows. The funds, which are approximately \$33 billion higher than requested to date by the Trump administration, are needed for basic and advanced research and development as well as procurement and stockpiling of supplies and products, ranging from antivirals to combat an influenza pandemic to various countermeasures against chemical or radiological attacks.
- Anthony Fauci, MD, former director of the National Institute of Allergy and Infectious Diseases and a former member of the President’s Coronavirus Task Force during the first Trump administration, repeatedly invoked the Fifth Amendment under [grilling](#) from Sen. Rand Paul (R-KY), chair of the Senate’s Homeland Security and Governmental Affairs committee. Paul has continued for years to rebuke Fauci over various [allegations](#), including that Fauci misled Congress by denying under oath that the National Institutes of Health had funded so-called [“gain of function”](#) viral research at a lab in Wuhan, China, possibly leading to a “lab leak” of the COVID virus. (Separately, HHS announced this week that such research conducted in the U.S. and abroad will no longer be funded by NIH or other government entities).
- Fauci said that he had been advised by legal counsel to avoid answering questions amid Paul’s ongoing threats to prosecute him for any new misstatements, which would not be covered by the pardon that Fauci received from President Joe Biden in January 2025. Paul later announced plans to hold a committee vote to recommend holding Fauci in contempt of Congress, even as Sen. Richard Blumenthal (D-CT) [condemned](#) the effort “to rebrand Fauci as a villain and to vilify public health in general.”



In Case You Missed It

- CMS has [told](#) the nation's health insurance exchanges to **update their systems to stop removing or denying advance payments of premium subsidies** for the 2026 and 2027 in the wake of a federal district judge's [ruling](#) striking provisions of CMS's 2025 marketplace final rule.
- **Large health systems, including giant [HCA](#), are reporting revenue losses as more patients become uninsured** following expiration of the ACA's enhanced premium tax credits last year, various news sources including the *New York Times* report.
- **A [request for information](#) from Senate Finance Committee Democrats seeks ideas for "Health Care That Works For Everyone" – reducing health costs and expanding access to health insurance**, among other reforms. APG will schedule a members-only webinar to gain members' input for a response.
- **A "flurry of state legislative initiatives" is underway to admit more international medical graduates to improve access to care**, a "trend that runs counter to growing federal restrictions on immigrants and international workers," a newly published [article](#) in *The Annals of Internal Medicine* reports.
- **The Trump administration has effectively shut down the Agency for Healthcare Research and Quality**, "closing the spigot on federal funding estimated to have saved thousands of lives and billions of dollars over the past 27 years by improving medical practice," KFF [reports](#).



APG Announcements And Offerings

- APG will host a members-only **Input Session on the [Request For Information re: Strengthening the Physician Payment System](#)** on **Thursday, August 13, 3:00 pm - 4:00 pm ET**. Members may contact Jenifer Callahan at jcallahan@apg.org to register.
- APG will host an **Informational Session on the 2027 Proposed Rule on the Medicare Physician Fee Schedule and MSSP** on **Tuesday, August 25, 4:00 pm - 5:00 pm ET**. Members may register for the webinar [here](#).

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

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