



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

Table of Contents

- **Senate Vote To Extend Fiscal 2026 Spending To December Held Up By Hemp Ban Dispute**
- **Medicaid War, With Messaging Sent From Alternate Realities, Heats Up As Midterms Approach**
- **Jihad Against Fauci Over His COVID Role And Related Actions Moves To Next Phase**
- **In Case You Missed It**
- **APG Announcements And Offerings**



Senate Vote To Extend Fiscal 2026 Spending To December Held Up By Hemp Ban Dispute

The prospect of an autumn free from a government shutdown remained up in the air today as the Senate weighed a continuing resolution (CR) to maintain fiscal 2026 spending levels until December 11. But a hoped-for vote on the measure has been held up in a [dispute](#) over a ban on so-called intoxicating hemp products scheduled to take effect in November. As of publication time for this newsletter, it is unclear how and when the impasse will be resolved – threatening to delay, possibly into the weekend, the Senate's plan to pass the measure and then adjourn for a six-week recess.

Grants provision included: The Senate's proposed CR, similar to a version adopted by the House of Representatives last month, is relatively “clean,” without many additions beyond maintaining spending levels that might have gummed up the process of passage. That fact means that controversial health care cuts that may otherwise have been included in the package have been omitted. But the measure does contain provisions to appease Democrats and moderate Republicans and sure to antagonize the administration. At the top of the list is an at-least-temporary delay on adoption of a proposed federal [rule](#) placing all decisions over federal grants in the hands of administration political appointees, including for cancellations of grants already underway. The proposal, which would override traditional peer review of many federal grants, is deemed especially [threatening](#) to health and science-related research, as it would codify Trump administration practices that have now become routine.

If the Senate resolves the hemp ban dispute and succeeds in passing the CR in the coming days, the House will still have to vote on the Senate bill when it returns from recess at the end of August. Although components of the Senate provision may be hard for full-throated Trump supporters to swallow, the desire to avoid a pre-election shutdown may push all parties to agreement and put off tough decisions on fiscal 2027 spending levels until after the November elections.



Medicaid War, With Messaging Sent From Alternate Realities, Heats Up As Midterms Approach

With the midterm elections just three months away, and [polls](#) showing that health care costs top voters' list of economic concerns, the political parties are each attempting to script the narrative in their favor. A case in point is their current efforts to shape perspectives on Medicaid, as a Senate [hearing](#) this week titled “Medicaid: The Reality,” made patently clear. If any picture of reality emerged, it was that there is no consensus across the parties over the fundamental purpose of the Medicaid program in 21st century America.

The Senate Budget Committee session was the first to be chaired by its new leader, Sen. Ron Johnson (R-MN), who took the helm following the death of Sen. Lindsay Graham last month. Sen. Johnson's two main talking points: The reconciliation law enacted last year didn't “cut” Medicaid, since spending in the program is still growing and “out of control,” and fraud in the program is so massive

that it demands bipartisan action. By contrast, as ranking member Jeff Merkley (D-OR) put it, Medicaid has played an essential role in extending health insurance coverage to millions; program outlays are rising in line with health spending overall; and the cuts in the reconciliation law will be manifested as millions of individuals lose coverage under the program in coming months and years.

Parallel universes: Witnesses' testimony carried these sharply differing perspectives further. Andy Schneider, research professor at Georgetown University's Center for Children and Families, [cited](#) the post-pandemic changes in enrollment eligibility as causing 700,000 children to fall off the Medicaid rolls 2022 to 2024, leading to the highest uninsured rate for children in nearly a decade. Worse, he said, the center's latest tracking shows a further drop of 2.3 million children since January 2025. The decline is especially troubling given that children who lose coverage are almost always still eligible for it, since median eligibility for children is about 2.6 times the federal poverty level, and therefore "children are always eligible at higher income levels than their parents," and shouldn't lose their coverage routinely even if their parents do, Schneider wrote.

In his [testimony](#), meanwhile, Paragon Institute president Brian Blase hewed to the theme that "Medicaid is no longer for the poor," as has been true for nearly 40 years for children, and for adults since the passage of the Affordable Care Act enabled 41 states and the District of Columbia to expand Medicaid to those with incomes at nearly 1.4 times the federal poverty level. And with the Congressional Budget Office projecting that the reconciliation law "simply reduced the growth rate of federal Medicaid spending from about 5 percent to about 3 percent," he argued, there is clearly no way that growing the program's spending at several percentage points below the projected growth rate of overall national health expenditures could possibly constitute a punishing cut.



Jihad Against Fauci Over His COVID Role And Related Actions Moves To Next Phase

As expected, a Senate panel on homeland security cast a party-line vote this week to [hold](#) former COVID presidential advisor Anthony Fauci, MD, in contempt of Congress for invoking his constitutional right not to incriminate himself in an appearance before the committee last week ([Washington Update](#), July 31, 2026). But as the Senate left town without a full chamber vote on the contempt citation, which appeared unlikely to pass anyway over Democratic filibuster threats, committee chair and chief Fauci nemesis Sen.

Rand Paul (R-KY) [threatened](#) to take the matter directly to the Justice Department in hopes that it would prosecute Fauci directly on the contempt charge and potential other alleged crimes.

As legal experts [mulled](#) the swirl of issues around the case, three Republican state attorneys general from Florida, Louisiana, and West Virginia subpoenaed Fauci as part of a probe of his actions during the COVID pandemic. According to a [news release](#) from one, the investigation will focus on “awards, professional opportunities, financial incentives, grants, and COVID-19 guidance” involving Fauci that affected universities, businesses, and consumers in the states. Prompted in part by the release of a diary that Fauci kept on his government computer during the pandemic, the news release references “professional opportunities,” book deals, and awards offered Fauci, along with grants from the NIH institute that Fauci headed made to universities in those states.



In Case You Missed It

- **As expected, Erica Schwartz, MD, was [confirmed](#) as director of the Centers for Disease Control and Prevention (CDC) on a mostly party line Senate [vote](#),** with one Democrat, Sen. Tim Kaine (D-VA), voting in favor and citing current disease threats as among the reasons.
- **Participation in the [CJR-X \(Comprehensive Care for Joint Replacement Expanded\) Model](#)** will now become mandatory as of October 2027 for most hospitals nationwide performing hip, knee, and ankle replacements, under the CMS finalized hospital prospective payment [rule](#). As previously reported ([Washington Update](#), April 17, 2026), the model aims to improve patient outcomes through better care coordination and new [episode-based payments](#).
- **A new machine-learning-based risk adjustment model for Medicare Advantage (MA),** designed as an alternative to the current Hierarchical Condition Category (HCC) model used by CMS, would “substantially improve its accuracy” and reduce overpayments to MA plans, researchers from the University of Pennsylvania write in [Health Affairs Forefront](#).



APG Announcements And Offerings

- [Registration is now open](#) for the **APG Fall Conference 2026 - From Policy To Practice: What's Next For Accountable Care?** to be held November 18-20 at the Gaylord National Resort and Convention Center in National Harbor, Maryland near Washington, DC. Please register now for Super Early Bird savings!
- [Sponsorship registration](#) is also now open for the Fall Conference. Please visit our Fall Conference 2026 sponsor website and reserve your space today.
- APG will host a members-only **Input Session on the RFI 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**. Please register for the webinar [here](#).
- **Want to get more involved in APG's Federal advocacy efforts?** [Join APG Advocates today](#).

Know people who may enjoy receiving *Washington Update*? Forward this email and have them contact communications@apg.org to be added to the subscription list. Visit APG's [website](#) for more news and resources, or contact communications@apg.org.