



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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Administration Pushes Employers To Embrace Rebranded CHOICE Plans Amid Destabilized ACA

Inherent contradictions in government policies aren't new, but when it comes to incongruities in health care policy, the Trump administration sometimes seems to set a new high bar. *Washington Update* has already chronicled the split-screen nature of key officials' conflicting comments on vaccine safety and efficacy ([October 9, 2026](#)) and the Centers for Medicare & Medicaid's (CMS's) embrace of accountable care in Medicare even as other policies threaten to hobble managed Medicaid ([September 25, 2026](#)). The latest example of inconsistency may be CMS's renewed efforts to persuade employers seeking to provide health coverage to their workers to channel funds into [health reimbursement arrangements](#) (HRAs) that workers would use to buy Affordable Care Act (ACA) health plans. Seemingly improbably, this push is

coming from the same administration that has actively sought in multiple ways to undermine the ACA.

The administration's recommended [approach](#), initially pushed in the first Trump administration, was originally called [ICHRA](#) (for Individual Coverage Health Reimbursement Arrangements), but has now been rebranded as [CHOICE](#) (for Custom Health Option and Individual Care Expense arrangement). "You need to look into it," CMS Administrator Mehmet Oz, MD, MBA, [told employers](#) at an event in Austin, Texas, last month, as the administration readies a proposed rule that would expand the arrangements further. Currently, employers of any size (but not self-employed individuals) can offer a CHOICE arrangement, if they have at least one employee who isn't a self-employed business owner or the self-employed owner's spouse. They contribute funds (excludable from employees' federal income taxes) to HRAs that are then used to reimburse employees for buying coverage on or off the ACA exchanges. Employers can set aside unlimited amounts in HRAs, but a typical arrangement contributes funds that equal the cost of buying the lowest cost [Silver or Bronze ACA plan](#) in each employee's local market.

Contradiction in Terms? Oz has said that businesses could potentially lower their costs for providing coverage to workers by 20 percent or more through such arrangements. But what isn't clear is how the implied endorsement of employers pushing their workers into individual ACA plans squares with the rest of the administration's policies, many of which have destabilized ACA markets and coverage. The administration opposed extension of the ACA's enhanced premium tax credits, contributing to an [18 percent drop](#) in the number of individuals buying ACA coverage over the past year. It [slashed funding](#) by more than 90 percent to support navigators to assist people in choosing and buying ACA policies. [Other proposed regulatory changes](#) that would have undercut the law have been temporarily stayed by a federal District court. And while CMS says that a crackdown on fraud has led it to cancel ACA policies and tax subsidies for nearly 1 million people – including [189,000 more](#) this week, some of whom were said to be deceased – it hasn't removed all doubt that everyone who lost coverage deserved to do so.

So is the administration recommending a smart move for employers or selling them a health insurance pig-in-a-poke? APG continues to advocate for a strong ACA and for expanded employer-provided coverage of health insurance. CHOICE may be the right option for employers looking for more ways to provide affordable health coverage to their workers, but only if it is coupled with other proactive policies to support the entire ACA.



Comprehensive Roadmap For AI Adoption In Health Care Is Needed, New Report Says

When top tech executives [called](#) recently for a global slowdown in AI development out of safety concerns, President Trump pronounced these warnings a [“hoax,”](#) and Congress soon left Washington without taking any action. Pending AI legislative proposals have been stalled for months; while [states](#) such as California have enacted numerous regulatory provisions, there is essentially no comprehensive federal law governing AI. This reality has cross-cutting implications for society and the entire U.S. economy, including for health care – an area in which uses of AI are simultaneously [exploding](#) but arguably still [lagging](#) AI’s uptake in other sectors, such as financial services.

Amid at most [“light touch”](#) federal oversight of AI, it appears to be largely up to the sector itself – operating under whatever state-imposed guardrails apply – to steer the AI-in-health-care ship. Now, a new [report](#) from the Peterson Health Technology Institute (PHTI) asserts that the lack of any comprehensive roadmap for AI adoption in health care threatens to drive the system even further into costly and destructive chaos. “The clinical applications of AI with the greatest potential to expand access are stalled,” even as AI tools for billing and documentation are driving up costs “without improving health outcomes,” writes Caroline Pearson, the institute’s executive director, in an introduction. Pointing to already unintended consequences, the report notes that one multihospital health system found that deploying an [AI scribe](#) led to a 5 percent to 7 percent increase in clinical encounters being coded at the highest levels of medical complexity – yielding an average monthly revenue increase of \$1,004 for every provider using the scribe.

Stepwise Approach? To reap AI’s benefits while avoiding the worst financial and other costs, “policymakers and market leaders must advance a coordinated approach to build conditions that ensure clinical and administrative AI will add value to society,” the report says. Such an approach starts with far more careful research and analysis to identify “which AI-based care models are effective,” since the “evidence that AI can manage care and improve outcomes in real-world settings remains limited.”

Once the evidence is in, rules for coverage and use will have to be created, including settling questions of who or what is legally liable when AI-enabled tools or systems go awry. Care delivery redesign, new staffing models and training the clinical workforce in use of

new tools must follow. Creating payment structures to enable technology adoption will be essential, and the report argues that capitation or other forms of population-based payment will be required to avoid “strong incentives for unnecessary utilization” that would fuel increased spending ahead of demonstrated clinical value.

APG continues to assist its members in AI adoption and related issues through its new [AI in Value-Based Care Forum](#) and other educational efforts, including a [session](#) on AI-enabled clinical decision support at its forthcoming fall conference. The PHTI report implicitly suggests that such efforts have only just begun.



In Case You Missed It

- **In its latest move to fight fraud, CMS now has authority to exclude and permanently ban providers for participation in Medicare and Medicaid under a [notice](#)** filed in the Federal Register this week. That power had long been delegated to the Health and Human Services' Office of the Inspector General, which has held the primary reins in investigating and enforcing program integrity considerations.
- **“I’m An MA Voter,” a six-figure [advertising campaign](#) by the Better Medicare Alliance (BMA), launched this week** amid annual Medicare Advantage open enrollment season. The campaign comes amid reports that nearly 4 million MA enrollees must now find new plans for 2027 as many plans have exited the market. BMA and its allies, including APG, argue that the program needs ongoing “stability” in federal funding and rulemaking.
- **A new [Public Health for America](#) working group led by Sen. Patty Murray (D-WA) and former Biden administration health officials is developing “nonpartisan policy proposals”** to shore up the nation’s public health system. Murray is a senior member of the Senate Health, Education, Labor and Pensions committee (HELP) and vice chair of the Senate Appropriations Committee, and could lead HELP again if the Democrats retake the Senate in the midterm elections.
- **A [request for information](#) from Senate Finance Committee Democrats seeks input on creation of a new, publicly funded long-term care insurance system that would guarantee affordable home care,** among other changes. The effort is led by committee ranking member

Ron Wyden (D-OR), who would lead the panel again if Senate control changes hands.

- For the second year in a row, **the Centers for Disease Control and Prevention and other federal health agencies are not conducting their standard seasonal annual campaigns to encourage people to obtain influenza vaccines.** A new, privately funded [National Respiratory Communications Initiative](#) (NRCI) is among groups that have stepped in to fill the void – the NRCI with a [“Tame It”](#) campaign to encourage vaccinations against flu, COVID-19, RSV, and pneumonia.
- **States may have to step in to launch publicly funded vaccine production if the current administration succeeds in dismantling legal protections for vaccine manufacturers** and they withdraw from the market, argues a new [paper](#) from the Vanderbilt Policy Accelerator at Vanderbilt University.
- **Substantial grant funding for upfront investments** in building well-performing care teams, creating high-quality data systems for management and reporting, and forming patient panels for proactive population management **was needed to prepare community health centers to engage in value-based care models**, according to a Kaiser Permanente project described in an [article](#) in *Health Affairs Forefront*.



APG Announcements And Offerings

- [Please register now](#) 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.
- **Also, please visit our [Fall Conference 2026 sponsor website](#) for more information** about sponsorships and exhibitor opportunities.
- The APG hosted webinar, **“Preventing Diabetic Ketoacidosis (DKA) in Type 1 Diabetes: Early Screening for At-Risk Populations,”** presented by Sanofi, will take place **Thursday, November 5, 2:00 pm ET**. Please contact Lura Hawkins at lhawkins@apg.org to register.
- **Want to get more involved in APG's Federal advocacy efforts?** [Join APG Advocates today.](#)

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