Highmark's Weekly Capitol Hill Report

Issues for the week ending December 6, 2024

Federal Issues

Legislative

Congressional Leaders Trade Health Proposals

With a week and a half to go in the 118th Congress, Congressional Republicans kicked off end of year negotiations with an offer to Democrats for inclusion of health care priorities to ride with government funding legislation, which must pass by Dec. 20.

Why this matters: The proposals address provisions that expire at the end of the year as well as bipartisan priorities that have seen movement in committees in this Congress. If left unaddressed this year, they will have to be added to an already crowded agenda early next year.

The offer: Among other policies, the initial GOP offer included:

- Requirement for physician offices owned by a hospital outpatient department to obtain a separate National Provider Identifier (NPI);
- 3-year telehealth extensions for Medicare and a one-year extension of

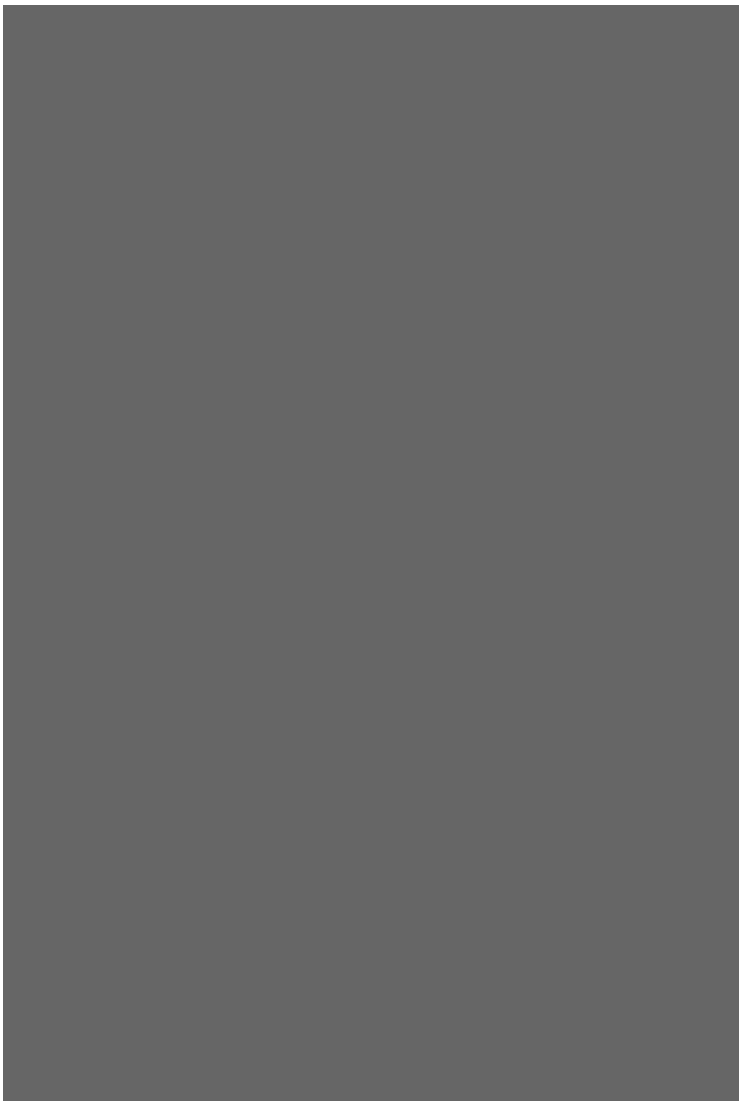
In this Issue:

telehealth coverage for high deductible health plans;
- 2.5% bump in Medicare payment to doctors;
- PBM transparency requirements and delinking of Medicare rebates from the list price of a drug; and
- Full reauthorizations of SUPPORT Act programs.

The counter: Democrats countered the proposal with an offer that includes:

- A two-year telehealth extension
- A one-year extension of the enhanced ACA premium tax credits
- Insurer provider directory reforms to address “ghost networks”
- PBM delinking of Medicare rebates from the list price of a drug and a ban on spread pricing in Medicaid

The reality: The clock is ticking. If a deal does not come together in the next few days it will be difficult to include it in the continuing resolution, which House Speaker Johnson plans to release this weekend.



Trump Announces Key Health Care Staff Positions

President-elect Trump has nominated the following individuals for key health care related cabinet positions and staff. These nominations will require Senate confirmation by the 119th Congress, which is sworn in on Jan. 3:

- Robert F. Kennedy Jr., Secretary, Department of Health and Human Services (HHS)
- Jim O’Neill, Deputy Secretary, HHS
- Dr. Mehmet Oz, Administrator, Centers for Medicare and Medicaid
- Dr. Dave Weldon, Director, Centers for Disease Control and Prevention
- Dr. Marty Makary, Commissioner, Food and Drug Administration
- Dr. Janetta Nesheiwat, Surgeon General, HHS
- Jay Bhattacharya, Director, National Institutes of Health

Federal Issues

Regulatory

IRS Releases PCORI Fee Update

On December 2, 2024, the Internal Revenue Service (IRS) released Internal Revenue Bulletin 2024-49, which includes Notice 2024-83. Notice 2024-83 sets the fee imposed on issuers of health insurance policies or applicable self-insured plans to fund the Patient-Centered Outcomes Research Institute (PCORI).

For policy years and plan years ending between October 1, 2024 and September 30, 2025, the adjusted applicable dollar amount is $3.47 per average covered life – **an increase of $0.25** over the previous PCORI fee.

CMS Issues Guidance to States on Medicaid Ex Parte Renewal

The Center for Medicaid & CHIP Services (CMCS) within the Center for Medicare & Medicaid Services (CMS) issued an informational bulletin (CIB) to remind states about current requirements and expectations for renewing eligibility for Medicaid and Children's Health Insurance Program (CHIP) beneficiaries based on reliable information available to the state without contacting the beneficiary, also referred to as an ex parte renewal.

Why this matters: Although the CIB addresses verification of all criteria for eligibility during an ex parte renewal, it focuses largely on requirements and state options for verifying financial eligibility. CMCS notes that when implemented effectively and consistent with federal rules, ex parte renewal promotes high levels of program integrity while reducing the burden on beneficiaries associated with gathering and submitting additional documentation, churning off and on program enrollment, and experiencing gaps in coverage. On Wednesday, CMS released an accompanying slide deck further explaining the guidance.

Read More

- Guidance
- Slide Deck

CMS Releases State Medicaid Director Letter on Protecting Beneficiaries from Impermissible Eligibility-Related Fraud, Abuse Sanctions

CMS released a State Medicaid Director letter providing guidance to Medicaid agencies on how to protect Medicaid beneficiaries from impermissible sanctions and penalties related to Medicaid beneficiary eligibility-related fraud and abuse. With narrow exceptions, federal law does not permit Medicaid agencies to recoup funds from, or lock-out from coverage, beneficiaries determined to have abused or defrauded the Medicaid program. The guidance lists the circumstances under which a state may recoup funds or

overpayments as well as permissible sanctions for beneficiary abuse, which may include warning letters, fines and other sanctions if permissible under federal statute. Read More

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HHS Releases FMAP Adjustments for Fiscal Year 2026

The Department of Health and Human Services (HHS) released the Federal Medical Assistance Percentages (FMAP), Enhanced Federal Medical Assistance Percentages (eFMAP), and disaster-recovery FMAP adjustments for fiscal year 2026 (FY26).

These percentages will be effective from October 1, 2025, through September 30, 2026. HHS will use these calculated FMAP rates to determine the amount of Federal matching for state medical assistance (Medicaid), Temporary Assistance for Needy Families (TANF) Contingency Funds, Child Support collections, Child Care Mandatory and Matching Funds of the Child Care and Development Fund, Title IV-E Foster Care Maintenance payments, Adoption Assistance payments and Kinship Guardianship Assistance payments, and the eFMAP rates for the Children's Health Insurance Program (CHIP) expenditures.

The federal register announcement includes a table detailing the FMAP and eFMAP for 50 states, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands for FY26

Industry Trends

Policy / Market Trends

CMS Updates & Reports

- **CMS Publishes Updated 2025 Open Enrollment Period Report: National Snapshot**

On December 4, 2024, CMS published an updated fact sheet highlighting open enrollment data so far for plan year (PY) 2025. They report that nearly 988,000 consumers without current health care coverage and more than 4.3 million existing consumers have signed up for coverage in 2025. The fact sheet provides further breakdowns by state and platform.

- **CMS Releases Latest Medicaid and CHIP Enrollment Figures**

CMS released the latest Medicaid and Children's Health Insurance Program (CHIP) enrollment data. As of August 2024, there were approximately 72.3 million individuals enrolled in Medicaid and 7.2 million enrolled in CHIP. Enrollment across the two programs decreased by 0.1% from the prior month. There were also over 2.6 million Medicaid applications received in August 2024, a 19% increase from the prior month. Read More

- **CMS Releases Data Brief on Demographics of Medicaid, CHIP Enrollees with Preterm Birth and Severe Maternal Morbidity**

CMS released a data brief on the demographic information for Medicaid and CHIP enrollees who had a live birth covered by either program in 2021 and experienced either a preterm birth or a severe maternal morbidity (SMM) condition in the year. In 2021, 10.8% of all live births covered by Medicaid and CHIP were preterm, with the highest rates of preterm births occurring in Alabama, Arkansas, Louisiana, Mississippi, South Dakota and West Virginia. Percentages of preterm births were highest amongst Black, non-Hispanic enrollees (13.6%) and American Indian and Alaska Native enrollees (11.6%). The rate of SMM in Medicaid and CHIP was 252.7 per 10,000 live births, with blood transfusions being the most common SMM condition, accounting for 51.8% of all SMM in Medicaid and CHIP in 2021. Rates of SMM were highest in Alaska, California, the District of Columbia, Georgia, Maryland and Mississippi. Read More

- **CMS Announces Two Drug Manufacturers Participating in Cell and Gene Therapy Access Model**

CMS announced that Bluebird Bio and Vertex Pharmaceuticals have entered into agreements with CMS to participate in the Cell and Gene Therapy Access Model. The voluntary model aims to improve health outcomes of people with sickle cell disease, increase access to cell and gene therapies, and lower healthcare costs. The outcome-based agreements will tie payments to health outcomes of patients using the medications. CMS will now engage with states participating in the Medicaid Drug Rebate program to see if they will participate in the model, which launches in January 2025. Read More

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MACPAC Reviews State-Reported Unwinding Data

The Medicaid and CHIP Payment and Access Commission (MACPAC) published a data brief summarizing data from the CMS unwinding reporting metrics from April 2023 through June 2024. These reporting metrics include state reported monthly data on renewals, disenrollment, call center operations, and transitions to the federally facilitated and state-based marketplaces. **Among the key findings:**

- 94.3 million individuals were due for renewal across 50 states and the District of Columbia over the 14-month unwinding period. Of these renewals, about 80% were completed by the end of June.
- During the unwinding period, 55.1 million (58.4%) of individuals were renewed, 20.7 million (22.0%) had their coverage terminated, and 18.5 million (19.6%) of renewals were still pending as of June 2024 (meaning they were not completed in the month that they were due).
- Of those who had their coverage renewed, states completed about 68.2% of the renewals as ex parte renewals. Further, across the unwinding period, the percent of renewals using ex parte increased.
- Of the 20.7 million individuals whose coverage was not renewed, more than two-thirds (14.3 million) were procedurally disenrolled from Medicaid because they did

not complete the renewal process rather than being definitively determined ineligible. Less than one-third (6.5 million) were determined ineligible.

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Delaware State Legislation: **http://legis.delaware.gov/.**
New York Legislation: **https://nyassembly.gov/leg/**
Pennsylvania Legislation: **www.legis.state.pa.us.**
West Virginia Legislation: **http://www.legis.state.wv.us/**
For copies of congressional bills, access the Thomas website – **http://thomas.loc.gov/.**

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