

Impact Health Policy Weekly

Framing the Week

Congress is still in recess and will return next Monday to a growing to-do list. It includes funding the Department of Homeland Security, negotiating a defense supplemental deal, confirming a new attorney general, holding hearings on the President's FY 2027 budget, and starting the budget reconciliation process. President Trump wants a reconciliation bill on his desk by June 1.

Health care will be in the spotlight when HHS Secretary Kennedy testifies on the [HHS budget](#), which requests a 12.5 percent decrease from the FY 2026 enacted level. This includes a \$5 billion cut to NIH and other substantial cuts across the department. The budget also renews its proposal to create an Administration for a Healthy America that would consolidate major functions currently housed in SAMHSA, HRSA, CDC, and the Office of the Assistant Secretary for Health. Among the issue Democrats will raise, health care affordability is likely to be top of mind, especially after Sens. Wyden and Sanders [called for](#) Senate Finance Committee and HELP leaders to hold a hearing with insurance CEOs.

Though John Thune (R-SD) has said reconciliation 2.0 will be narrowly focused on ICE and CBP funding, health care could come up as members contemplate potential pay-fors.

This week, CMS is expected to release the final Calendar Year (CY) 2027 Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies (Rate Announcement). The Advance Notice ([Impact summary](#)) proposed only a 0.09 percent payment increase and included significant changes to risk adjustment. Most notably, the proposed rule would recalibrate the CMS-HCC Risk Adjustment Model to update the data and denominator years, exclude diagnoses from audio-only encounters, and exclude diagnoses from unlinked chart review records. Plans argue that the Advance Notice fails to adequately capture the growth in spending and utilization in 2025, and some opposed the risk adjustment changes following the phase-in of the v28 model that just finished last year. Many stakeholders supported the exclusion of unlinked chart reviews, but some recommend certain exceptions or a delay to prepare for implementation. We will be watching to see whether the agency is responsive to industry feedback, especially regarding the payment update and risk adjustment proposals.

Last week, CMS released all FY 2027 Medicare payment proposed rules except for the Inpatient Prospective Payment System/Long-term Care Hospital Prospective Payment System, which we anticipated will be released soon. Our summaries are linked below.

Both [MedPAC](#) and [MACPAC](#) will meet this Thursday and Friday. The Impact team will cover sessions highlighted in our calendar.

Regulatory Update

The Office of Management and Budget completed its review of the following:

- **Medicare Advantage and Part D.** CY 2027 [Rate Announcement](#)

- **Immigration Status.** A Department of Labor [proposed rule](#) titled, “Improving Wage Protections for H-1B and PERM Employment in the United States.”

OMB is also reviewing:

- **Coverage and Payment:**
 - **Medicaid:**
 - **State Directed Payments.** A [proposed rule](#) titled, “Medicaid Managed Care State Directed Payments and Medicaid Fee-For-Service Targeted Medicaid Practitioner Payments.” The proposed rule appears intended to advance a [presidential memorandum](#) released on June 6, which directs HHS to “eliminate waste, fraud, and abuse in Medicaid, including by ensuring Medicaid payments rates are not higher than Medicare, to the extent permitted by applicable law.” On February 27, the title of the proposed rule was revised to include Medicaid FFS targeted Medicaid practitioner payments.
 - **Medicaid Tax Waivers.** A [proposed rule](#) titled, “Amending the Indirect Hold Harmless Threshold of Health Care-Related Taxes.”
 - **Work Requirements.** An [interim final rule](#) titled, “Establishing State Community Engagement Requirements for Certain Individuals Under Section 1902(xx) of the Social Security Act.”
 - **Medicare Advantage:**
 - **Payment:** CY 2027 Medicare Advantage and Part D [Rate Announcement](#)
 - **No Surprises Act.** A [final rule](#) titled, “Independent Dispute Resolution Operations.” This long-awaited rule was [proposed](#) in November 2023 by the Biden Administration.
- **Prescription Drugs**
 - **Prior Authorization.** A [proposed rule](#) on interoperability standards and prior authorization for drugs.
 - **Price Negotiation.** A [proposed rule](#) titled, “Medicare Drug Price Negotiation Program.”
- **Oversight and Integrity**
 - **Accrediting Organizations.** A [final rule](#) titled, “Strengthening Oversight of Accrediting Organizations (AO), Burden Reduction, and Related Provisions.”
- **Nutrition**
 - **Work Requirements.** A [proposed rule](#) titled, “Supplemental Nutrition Assistance Program: Modification to Work Requirements for Able-Bodied Adults.”
 - **Categorical Eligibility.** A [proposed rule](#) titled, “Supplemental Nutrition Assistance Program: Reforming Categorical Eligibility.”
- **Other Topics:**
 - **Immigration.** An [interim final rule](#) titled, “Unaccompanied Children Program Foundational Rule; Update to Include Proof of Identity and Income Verification Standards.”

- **Medication-Assisted Treatment.** A [final rule](#) titled, “Implementation of the SUPPORT Act: Dispensing and Administering Controlled Substances for Medication-Assisted Treatment.”
- **HIPAA.** A [final rule](#) titled, “HIPAA Privacy Rule: Changes to Support Coordinated Care and Individual Engagement and Reduce Regulatory Burdens.”

This Week in Health Policy

An overview of upcoming events is included below. Events highlighted in **orange** are those that we will be covering in detail:

Tue. (4/7)

- **9:00am – NIH Meeting: Women’s Health Research** – The National Institutes of Health (NIH) holds a meeting of the Advisory Committee on Research on Women's Health to discuss the Office of Research on Women’s Health’s (ORWH) role in transforming research gaps into breakthroughs and commemorate 35 years of ORWH's impact on women's health research. [Details.](#)

Wed. (4/8)

- **2:30pm – NIH Meeting: Strategic Plan** – NIH holds a meeting to introduce the process for developing the next NIH-Wide Strategic Plan and outline the high-level framework. [Details.](#)

Thurs. (4/9)

- **4:00pm – GW Discussion: Public Health** – The George Washington University Elliott School of International Affairs holds a discussion with former Centers for Disease Control and Prevention (CDC) Director Rochelle Walensky in celebration of National Public Health Week. [Details.](#)
- **Meeting: MACPAC** – The Medicaid and CHIP Payment and Access Commission (MACPAC) holds a public meeting to discuss Medicaid and CHIP payment and policy issues. [Details.](#)
 - **10:30am-11:00am – Session 1: Implementing Community Engagement Requirements in Medicaid**
 - **11:00am-11:30am – Session 2: State and Federal Tools for Ensuring Accountability of Medicaid Managed Care Plans**
 - **11:30am-12:00pm – Session 3: Children and Youth with Special Health Care Needs Transitions to Adult Coverage**
 - **1:30pm-2:15pm – Session 4: Automation in Medicaid Prior Authorization: Draft Recommendations**
 - **2:15pm-3:00pm – Session 5: Exploring the Role of the State Medicaid Agency in the Program of All-Inclusive Care for the Elderly: Policy Options**
 - **3:15pm-4:00pm – Session 6: Health and Welfare in Self-Directed Home- and Community-Based Services: Environmental Scan**
 - **4:00pm-4:45pm – Session 7: Pharmacy Benefit Managers and Medicaid**
- **Meeting: MedPAC** – The Medicare Payment Advisory Commission (MedPAC) meets to discuss Medicare issues and policy questions. [Details.](#)

- **10:45am-12:10pm – Session 1:** Improving payment incentives in Medicare
- **12:15pm-12:45pm – Session 2:** Mandated report: Assessment of the Medicare ground ambulance data collection system
- **2:00pm-3:00pm – Session 3:** Analysis of regional benchmarks and benchmark-plan availability in the Part D PDP market
- **3:05pm-4:05pm – Session 4:** Preferred networks and pharmacy access in Part D
- **4:10pm-5:30pm – Session 5:** Estimated association between Medicare Advantage enrollment and hospitals' and post-acute care providers' finances

Fri. (4/10)

- **9:00am – Atlantic Council Discussion: Biodefense/Public Health** – The Atlantic Council's Bipartisan Commission on Biodefense holds a discussion on biological threats and public health preparedness. Rep. Diana DeGette (D-CO) delivers remarks on innovation in medical countermeasure development. [Details.](#)
- **Meeting: MACPAC** – MACPAC holds a public meeting to discuss Medicaid and CHIP payment and policy issues. [Details.](#)
 - **9:45am-10:00am – Session 1:** Vote on Recommendations for the June Report to Congress
 - **10:00am-10:45am – Session 2:** Introduction to Medicaid Program Integrity
 - **10:45am-11:30am – Session 3:** Medicaid Coverage of Assistive Technology for Adults: Policy Scan and Literature Review
 - **11:30am-12:15pm – Session 4:** Intensive Community-Based Behavioral Health Services: Findings from Federal and State Policy Review
- **Meeting: MedPAC** – MedPAC meets to discuss Medicare issues and policy questions. [Details.](#)
 - **9:45am-11:10am – Session 1:** Information sources that beneficiaries use to make Medicare enrollment decisions
 - **11:15am-12:15pm – Session 2:** Institutional special-needs plans: Provision of services, network-adequacy requirements, and star ratings

Featured Analysis

- **AI Policy Roundup** – In Policy Hub [here.](#)
- **ACA Subsidy Update: 2026 Marketplace Enrollment Down, Program Integrity Savings, and Sen. Moreno's Proposed One-Year Extension** – In Policy Hub [here.](#)
- **Innovation Center Model Portfolio Overview** – In Policy Hub [here.](#)
- **Impact Health Vaccine Policy Tracker** – In Policy Hub [here.](#)

Congressional Lookback

Thurs. (4/2)

- **The Congressional Research Service (CRS)** [issued](#) a report examining how federal data is made available, preserved, and governed, with a focus on growing concerns about dataset removal, inconsistent access, and limited transparency over time. [Details.](#)
- **CRS** [issued](#) an In Focus brief examining whether the federal tax advantages available to nonprofit hospitals are justified by the level of charity care and broader community benefits they provide. [Details.](#)

Regulatory Lookback

Fri. (4/3)

- **The White House** released its fiscal year (FY) 2027 discretionary budget request, outlining a broad domestic spending reduction agenda paired with major proposed increases for defense, border security, and immigration enforcement. [Details.](#)

Thurs. (4/2)

- **The Centers for Medicare and Medicaid Services (CMS)** [released](#) the FY 2027 inpatient rehabilitation facility (IRF) prospective payment system (PPS) proposed rule. [Details.](#)
- **CMS** [released](#) the FY 2027 hospice payment rate update proposed rule. [Details.](#)
- **CMS** [released](#) the FY 2027 inpatient psychiatric facility (IPF) PPS proposed rule. [Details.](#)
- **CMS** [released](#) the FY 2027 skilled nursing facility (SNF) PPS proposed rule. [Details.](#)
- **CMS** [released](#) the Contract Year (CY) 2027 Policy and Technical Changes to the Medicare Advantage (MA) program and Medicare Prescription Drug Benefit Program (Part D), Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly (PACE) final rule. [Details.](#)
- **President Trump** [issued](#) a sweeping proclamation imposing new Section 232 tariffs on patented pharmaceuticals and associated pharmaceutical ingredients, citing national security and supply chain vulnerability concerns. [Details.](#)

Tues. (3/31)

- **HHS** [announced](#) that it issued a Quality and Safety Special Alert directing hospitals to align meals with the updated Dietary Guidelines for Americans. [Details.](#)
- **The Treasury Department** [issued](#) an advisory and proposed rule as part of the Trump administration's [efforts to combat health care fraud](#). [Details.](#)
- **The Government Accountability Office (GAO)** is [seeking](#) nominations for positions on the Board of Governors of the Patient-Centered Outcomes Research Institute (PCORI). [Details.](#)
- **HHS** [announced](#) that it is reversing the 2024 reorganization combining the roles of the Office of the National Coordinator for Health Information Technology (ONC) and Office of the Assistant Secretary for Technology Policy (ASPT). [Details.](#)
- **CMMI** released a [Request for Application \(RFA\)](#) detailing key payment, care delivery, quality, and other policies for the Long-term Enhanced ACO Design (LEAD) Model. [Details.](#)

Mon. (3/30)

- **GAO** [released](#) a report on the Centers for Medicare & Medicaid Services (CMS) Innovation Center's funding, model testing outcomes, and performance management practices. [Details.](#)
- **CMS** [released](#) the Health Insurance Exchanges 2026 Open Enrollment Report. [Details.](#)

Comment & Application Deadlines

- **April 12:** The FTC issued an [ANPRM](#) seeking public input on whether to establish new rules targeting hidden or misleading rental housing fees. Comments are due April 12. [Details.](#)
- **April 20:** HRSA issued an [RFI](#) to gather information from stakeholders on the potential use of rebates to effectuate the ceiling price under the 340B Program. [Details.](#)
- **April 20:** CMS announced that the [request for applications \(RFAs\)](#) for state Medicaid agencies and Part D plan sponsors to participate in the Better Approaches to Lifestyle and Nutrition for Comprehensive hEalth (BALANCE) model are now available. Part D applications are due April 20. [Details.](#)
- **April 20:** CMMI announced [GENEROUS \(GENErating cost Reductions fOr U.S. Medicaid\) Model.](#) [Details.](#)
- **May 1:** GAO is [seeking](#) nominations for positions on the Board of Governors of the Patient-Centered Outcomes Research Institute (PCORI). [Details.](#)
- **May 17:** CMMI is [accepting applications](#) for the Long-term Enhanced ACO Design (LEAD) Model ([Impact summary](#)). [Details.](#)
- **June 3:** CMMI released a [NOFO](#) for the second cohort of the Innovation in Behavioral Health Model. [Details.](#)
- **July 31:** The ACL announced the [launch of Phase 1](#) of the ACL Caregiver AI Prize Competition. [Details.](#)

Litigation Highlights

Hundreds of cases have been filed in response to changes at the federal level since the beginning of the Trump-Vance Administration. Two recent cases include:

- The Supreme Court heard arguments in the **birthright citizenship** case, [Trump v. Barbara](#), on April 1 and appears likely to strike down the President's [Executive Order](#) and uphold birthright citizenship. The Justices' discussion focused on *Jus Sanguinis* vs. *Jus Solis* citizenship; how to interpret the Fourteenth Amendment in light of concepts that did not exist at the time, including the concept of illegal immigration; and whether to overturn the 1898 Supreme Court decision in [United States v. Wong Kim Ark](#) which has governed birthright citizenship for more than a century. See [summary](#) for additional details.
- On March 31, in a [8-1](#) decision in [Chiles v. Salazar](#), the Supreme Court held that Colorado's law banning **conversion therapy** likely violates the First Amendment's free speech protections and sent the case back to the lower courts for further review. If the law is eventually deemed unconstitutional, the decision will put similar laws in 20+ other states in jeopardy. Colorado's law was enacted based on consensus among medical and mental health organizations that conversion therapy can cause harm to minors. See [summary](#) for additional details.

For additional information regarding these cases and hundreds of others, please see our [litigation tracker](#), which is updated regularly.