

Health Care Policy Update

Health Care Policy Weekly Update and Outlook

Government Regulations

Congress passes Continuing Resolution funding government into March

On January 18, the House and Senate passed a Continuing Resolution (CR) funding the government in two tranches through March 1 and March 8. The CR is relatively clean but does include several healthcare extenders. The bill delays Medicaid DSH hospital payment cuts until March 8 and provides funding for Community Health Centers through March 8. The bill also extends Medicare physician payment work geographic index floor through March 8 as well. This Continuing Resolution gives Congress an additional six weeks to work on finding agreement on the 12 individual FY0224 appropriations bills. Congress continues to work on finding an agreement on a healthcare extenders package that may include PBM reforms, physician payment relief, provider transparency provisions, and longer-term fix for Medicaid DSH cuts and Community Health Center funding. We also note that Medicare physician payment cuts took effect on January 1, and since claims are paid within two weeks, CMS is now paying claims at the reduced 2024 payment rates. Physicians continue to work on proposals to mitigate the 2024 Medicare payment cuts, as well as potential longer-term reforms for physician payments.

CMS finalized its Interoperability and Prior Authorization regulation

On January 17, CMS finalized its regulation on Interoperability and Prior Authorization. The final regulation will impact Medicare Advantage plans, state Medicaid and CHIP programs, and Qualified Health Plans on the Federally Facilitated Health Exchanges. Beginning in 2027, health plans will be required to build and maintain application programming interfaces (APIs) to automate the prior authorization process and required documentation. Beginning in 2026, health plans will be required to provide a specific reason for denied prior authorization decisions and must send decisions within 72 hours for expedited requests and within 7 days for standard requests. The regulation also calls on providers to adopt electronic prior authorization processes, and starting in 2027, the Physician Merit-based Incentive program (MIPS) will include a new measure on Electronic Prior Authorization.

CMS announces new Behavioral Health Innovation Model

On January 18, CMS announced a new Innovation in Behavioral Health (IBH) Model, which will seek to improve quality of care and behavioral health outcomes for Medicaid and patients with moderate to severe mental health conditions and substance use disorder (SUD). The IBH model participants will screen and assess patients for select health conditions, as well as mental health conditions and/or substance abuse disorders as part of community-based behavioral health practices. The IBH model will be state-based and led by state Medicaid Agencies, with a goal of aligning payment between Medicaid and Medicare for integrated services. The funding opportunity will be announced this spring, with up to eight states selected to participate, and the program will launch in the fall of 2024 and last for eight years.

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High Yield Credit
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Abbreviations

DSH: Disproportionate Share Hospital

HHS: Health and Human Services
Department

CMS: Centers for Medicare and Medicaid
Services

PBM: Pharmacy Benefits Manager

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Health Care Policy Events for the Week

Monday (January 22)

- HHS meeting of the "Advisory Council on Alzheimer's Research, Care, and Services"

Tuesday (January 23)

- BofA Healthcare Research Team hosts a conference call on Election Year Outlook and Impacts for Healthcare
- CMS National Stakeholder Conference Call with the CMS Administrator
- HHS meeting on "Advancing Drug Development for the Prevention of Spontaneous Preterm Birth" (Jan. 23-24)

Wednesday (January 24)

- Alliance for Health Policy (AHP) briefing on "What's Coming in 2024? Health Policy Forecast for the New Year"

Thursday (January 25)

- Senate Aging Committee hearing on "Assisted Living Facilities: Understanding Long-Term Care Options for Older Adults"
- Medicaid and CHIP Payment and Access Commission (MACPAC) January Meetings (Jan. 25-26)
- Bipartisan Policy Center (BPC) and the Peterson Center on Healthcare (PCH) briefing on "The Future of Remote Patient Monitoring"
- Urban Institute briefing on "Expanding How We Understand Youth Well-Being"

Friday (January 26)

- Senate Veterans' Affairs Committee field hearing on "The State of Veterans' Long-Term Care in Maine"

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