

# Regulatory and Congressional Update

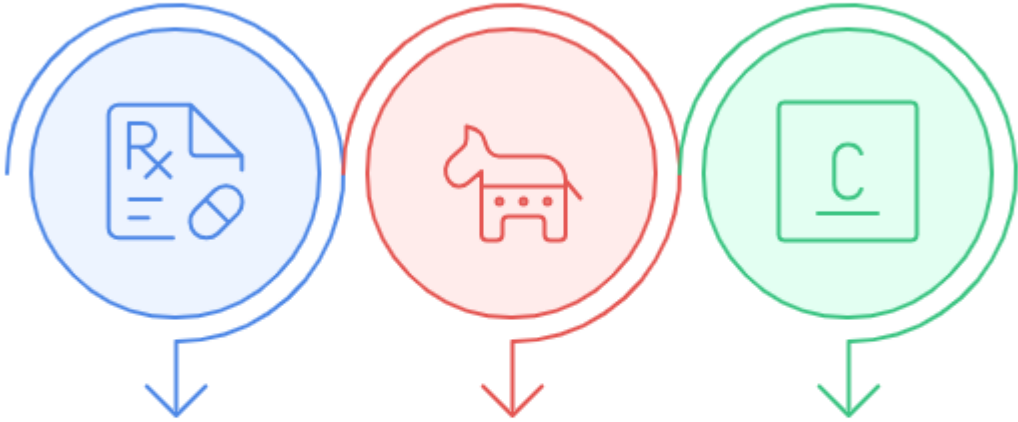
Tuesday, May 22, 2025

hfma™

Southwestern Ohio  
Chapter



# Agenda Items



## Medicare Regulations

**Proposed and final rule takeaways**

## Trump Administration

Recap of activities during administration

## Congressional Updates

Current Congressional Activity

# FY 2026 Medicare Hospital IPPS and LTC Hospital Prospective Payment System Proposed Rule (CMS-1833-P)

## Inpatient FY 2026 Payment Impacts Update

Contributing Factor	National Percentage Change
FY 2026 Payment Rate Increase	+2.3
FY 2026 Change to Outlier Payments	+0.2 <sup>1</sup>
Expiration of the MDH Program and Changes to LVH Program	-0.1 <sup>2</sup>
FY 2026 Change to Uncompensated Care Payments	1.3 <sup>3</sup>
Wage Index Changes that are not Budget Neutral	-0.2 <sup>4</sup>
Total	+3.4 <sup>5</sup>

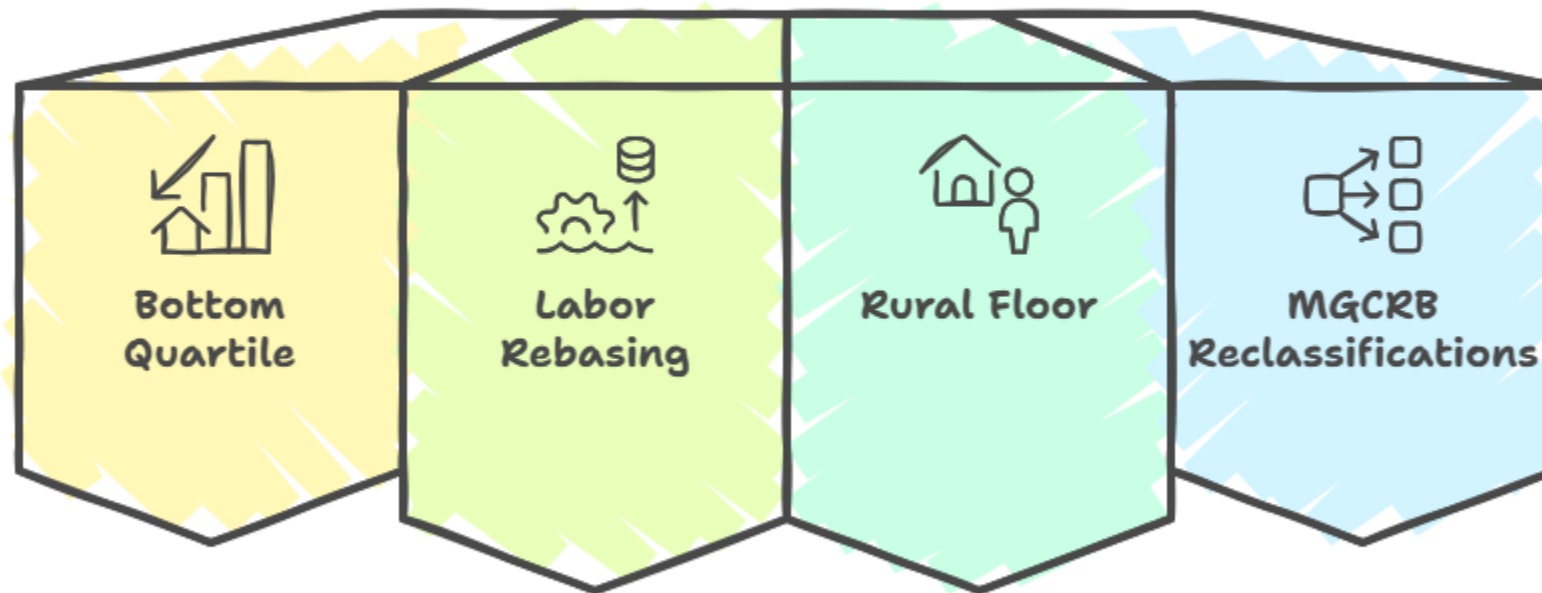
### Updates for Hospitals Failing IQR and/or EHR

	Penalty	Market Basket (MB)	Market Basket Net of Productivity	Reduction (Percentage Points)	Update
No IQR	25% of the MB	3.2	2.4	-0.8	1.6%
No EHR	75% of the MB	3.2	2.4	-2.4	0.0%
No IQR/EHR	100% of the MB	3.2	2.4	-3.2	-0.8%

Hospital Type	All Proposed Rule Changes
All Hospitals	3.4%
Urban	3.5%
Rural	2.5%
Major Teaching	3.3%

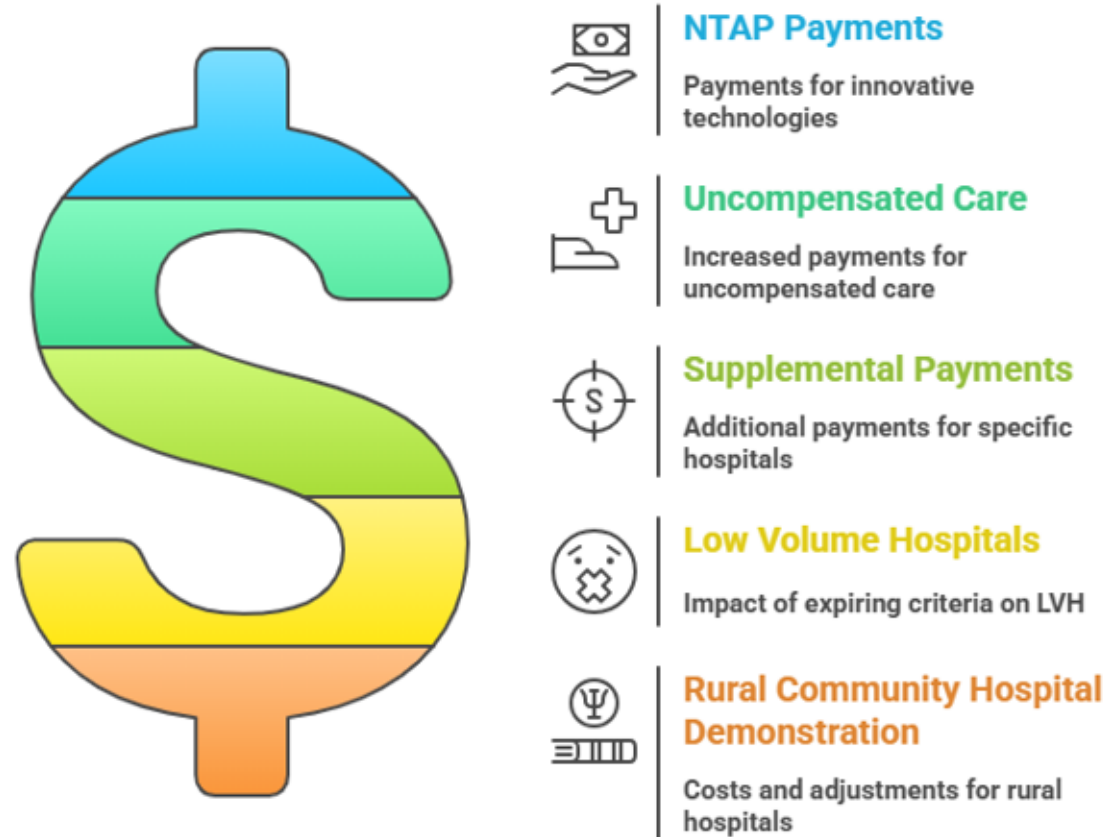
# FY 2026 Medicare Hospital IPPS and LTC Hospital Prospective Payment System Proposed Rule (CMS-1833-P)

## Wage Index Changes



# FY 2026 Medicare Hospital IPPS and LTC Hospital Prospective Payment System Proposed Rule (CMS-1833-P)

## Additional Reimbursement Impacts of the Rule



# FY 2026 Medicare Hospital IPPS and LTC Hospital Prospective Payment System Proposed Rule (CMS-1833-P)

## Proposed Quality Program Impacts



# FY 2026 Medicare Hospital IPPS and LTC Hospital Prospective Payment System Proposed Rule (CMS-1833-P)

## The FY 2026 Adjustments to the Standardized Amounts:

Factor	Net Change
Update	2.4%
DRG Recalibration	-0.16%
DRG Recalibration Cap	-0.01%
Wage Index	0.13%
Geographic Reclassification	1.47%
25 <sup>th</sup> Percentile Transition Budget Neutrality	-0.03%
5% Cap on Wage Index Reductions	-0.61%
Outlier	0.00%
Rural Community Hospital	-0.03%
Net Change*	3.19%

\*Net change is the product of the prior factors, not the addition.

The proposed increase in the capital rate is 3.28 percent from \$512.14 to \$528.95. The combined increase in the proposed operating standardized amount and the capital rate is 3.19 percent for FY 2026.

# FY 2026 Medicare Hospital IPPS and LTC Hospital Prospective Payment System Proposed Rule (CMS-1833-P)

The FY 2026 Wage Index and Capitol Rate Amounts:

	<b>Full Update=2.6 %</b>	<b>Reduced Update Failed IQR = 1.85%</b>	<b>Reduced Update Failed EHR =0.35%</b>	<b>Reduced Update Failed IQR and EHR = -0.4%</b>
<b>Wage Index &gt;1.0</b>				
<b>Labor (66.0%)</b>	\$4,511.41	\$4,505.67	\$4,476.16	\$4,370.43
<b>Non-Labor (34.0%)</b>	\$2,324.06	\$2,269.59	\$2,305.90	\$2,251.43
<b>WI&lt;=1.0</b>				
<b>Labor (62%)</b>	\$4,237.99	\$4,138.66	\$4,204.88	\$4,105.55
<b>Non-Labor (38%)</b>	\$2,597.48	\$2,536.60	\$2,577.18	\$2,516.31
<b>National Capital Rate (All Hospitals)</b>	\$528.95			

# Contract Year 2026 Policy and Technical Changes to the Medicare Advantage Program

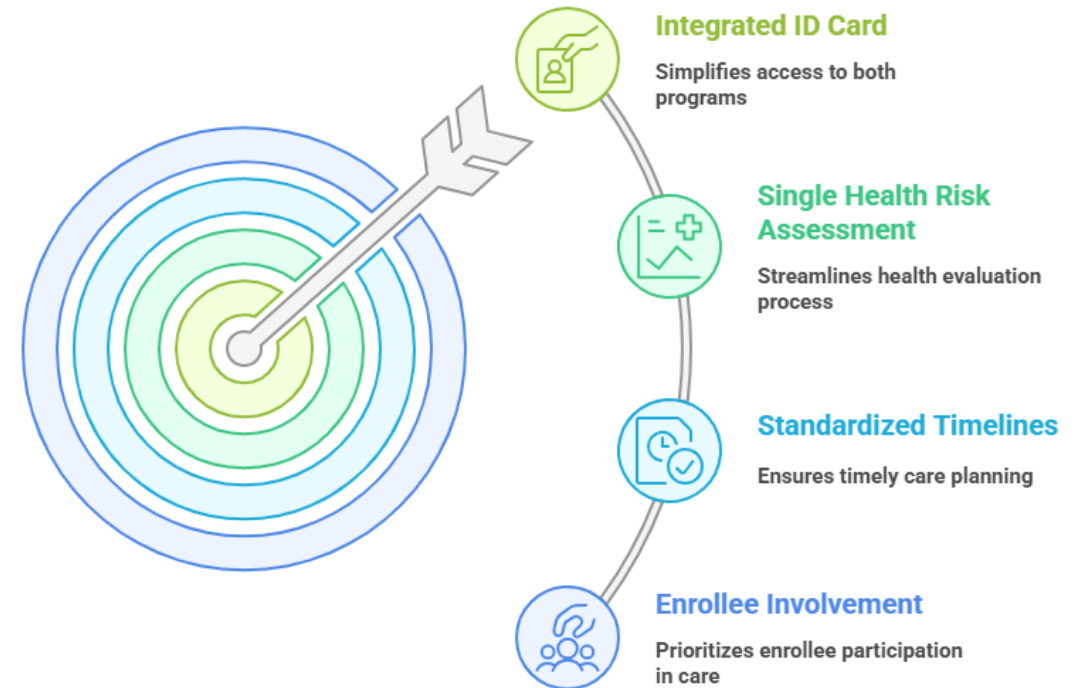
CY26 FINAL RULE

**+5.06%**

**NET INCREASE  
TO PLAN  
PAYMENTS**

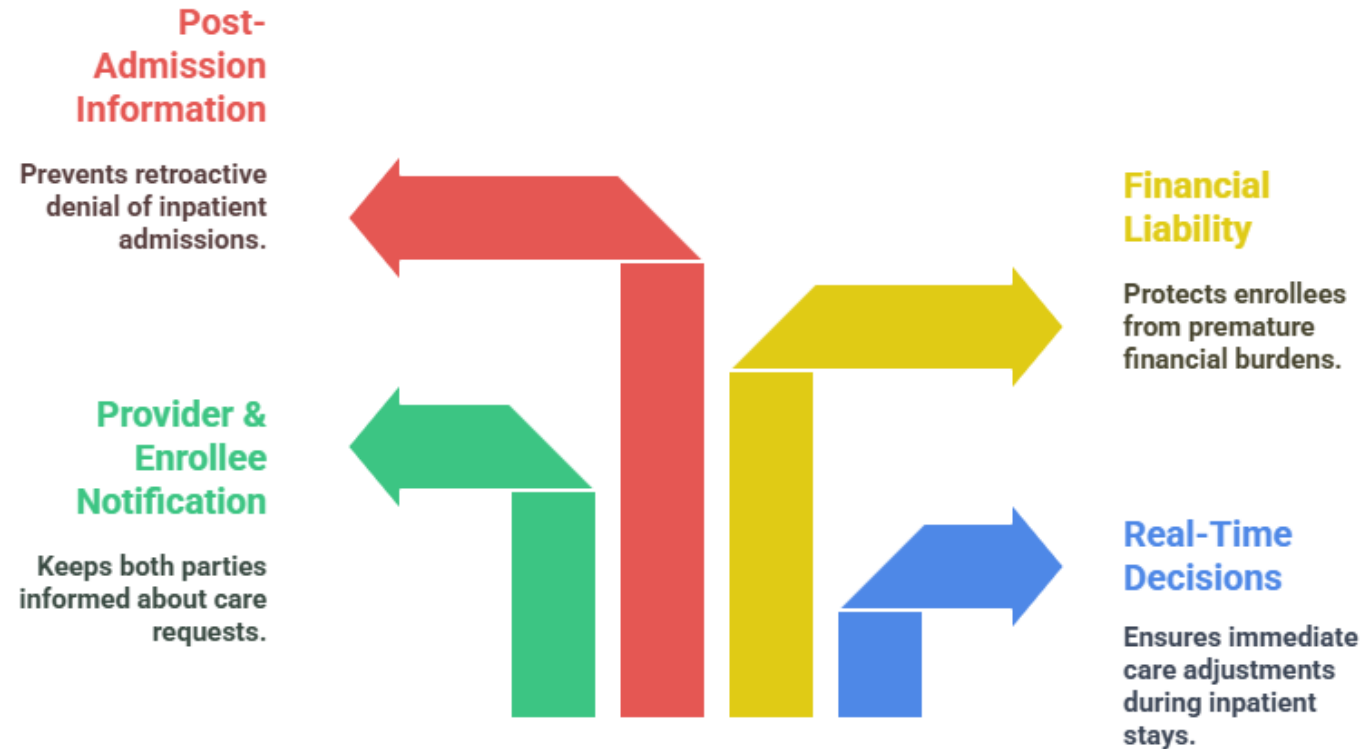
**ABOUT \$25-\$4 BILLION  
MORE THAN PROPOSED**

## Dual-Eligible Enrollee Experience Integration



# Contract Year 2026 Policy and Technical Changes to the Medicare Advantage Program

How to handle enrollee protections in inpatient settings?



# Contract Year 2026 Policy and Technical Changes to the Medicare Advantage Program

## Risk Adjustment Data Updates



### HCC Definition Update

Updates Hierarchical Condition Categories (HCCs) definition to remove specific ICD version reference, but remains tied to the ICD framework.

NEW

### Terminology Updates

Replaces outdated terms like "Disease codes" with "Diagnosis codes" and "Disease groupings" with "Diagnosis groupings".

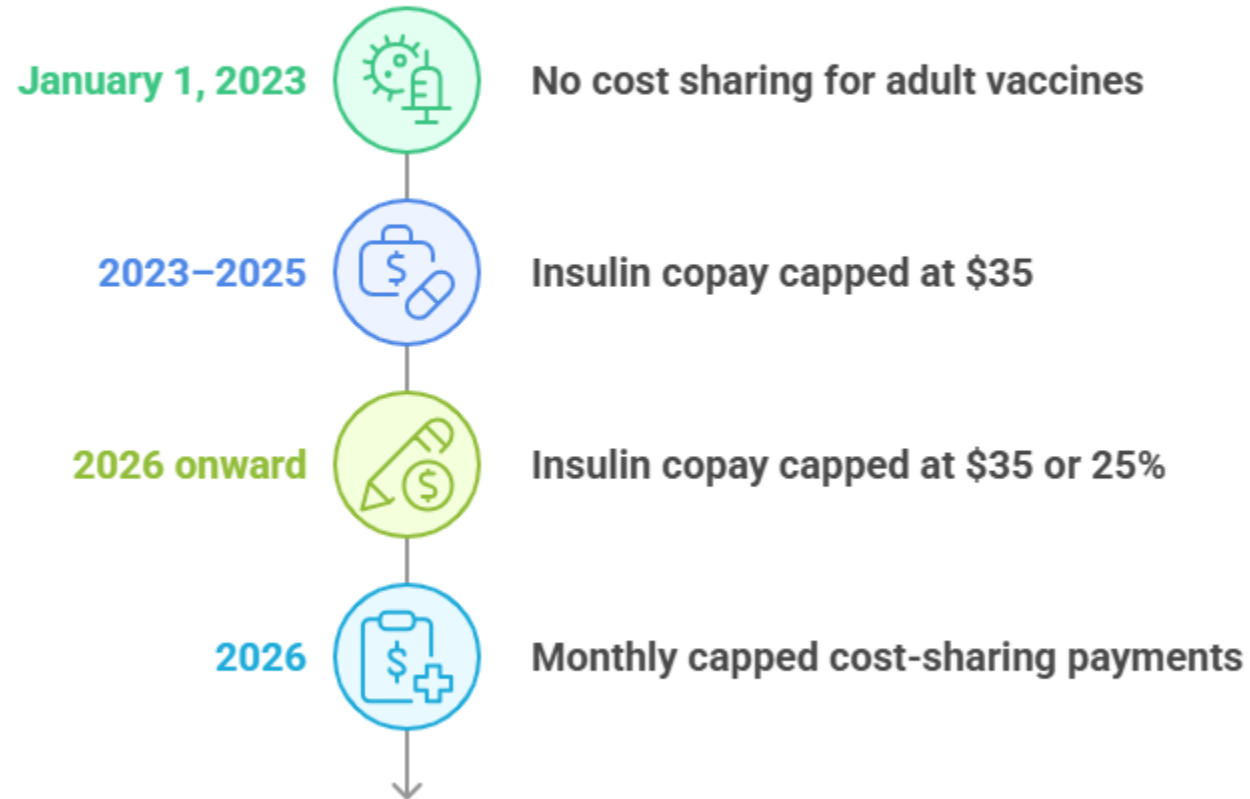


### Data Collection Requirement

Codifies the requirement for PACE organizations and Cost plans to collect and submit risk adjustment data.

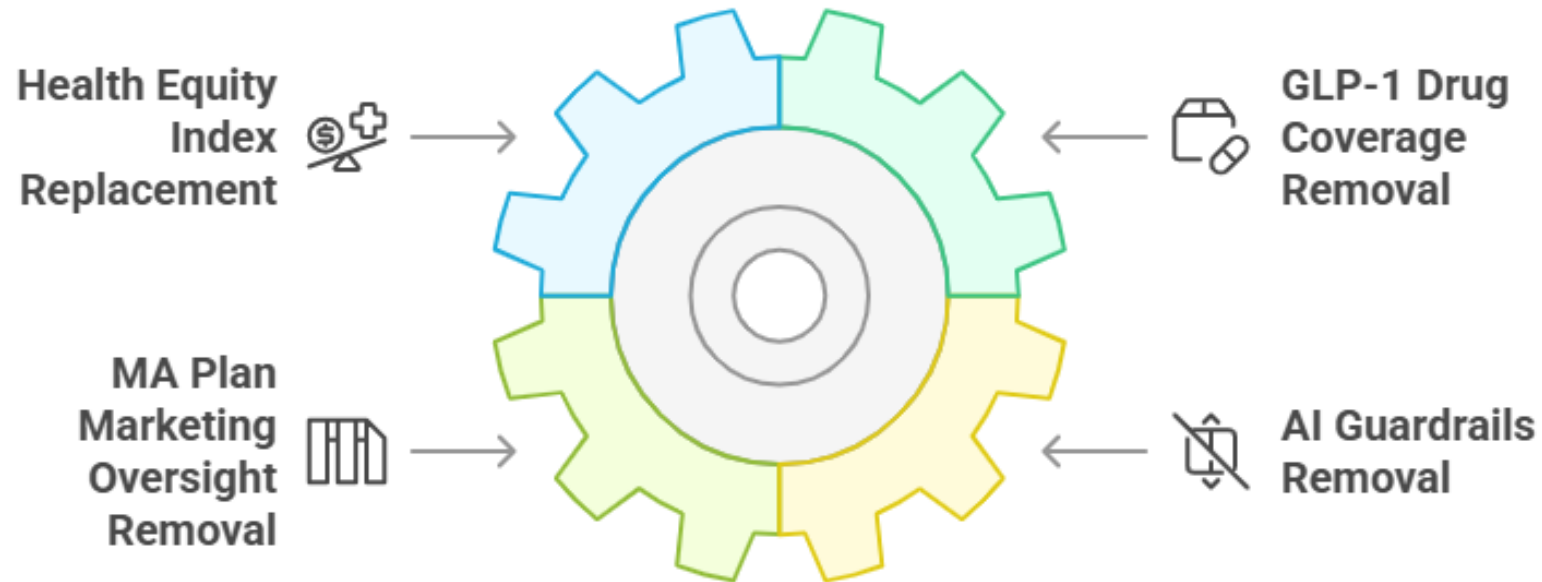
# Contract Year 2026 Policy and Technical Changes to the Medicare Advantage Program, Prescription Drug Benefit Program, Cost Plan Program.

## Medicare Cost-Sharing Changes For Vaccines & Insulin Timeline

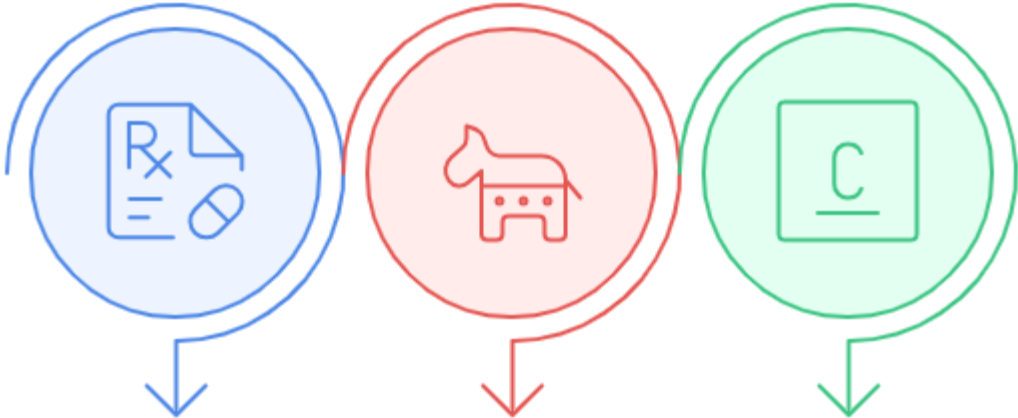


# Contract Year 2026 Policy and Technical Changes to the Medicare Advantage Program

## Policy Changes Overview



# Agenda Items



## Medicare Regulations

Proposed and final rule takeaways

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# Increased Uncertainty

Early actions by the new administration suggest increased uncertainty and financial risk for providers.

## HHS Works To Solve CHCs' On-Going Payment Issues Following OMB Freeze

Federal payments continue to elude some providers as they are consolidating or closing locations. HHS is working on payments, following the White House's announcement of a since-paused freeze on federal distribution. *Health Policy* Thursday (Feb. 6) it is working with the Center to "help expedite resolution as

"We understand that some Payment Issues were experienced technical issues last week

## Halt on Trump Administration's Cuts to NIH Research Payments Expanded Nationwide

A federal judge in Boston ordered a nationwide temporary pause on [plans by the National Institutes of Health](#) to substantially slash research overhead payments to universities, medical centers, and other grant recipients.

Judge Angel Kelley of the U.S. District Court for the District of Massachusetts issued the temporary restraining order late Monday night in response to a lawsuit filed that afternoon by associations representing the nation's medical, pharmacy, and public health schools, as well as Boston...

Source:

1) <https://insidehealthpolicy.com/daily-news/hhs-works-solve-chcs-going-payment-issues-following-omb-freeze>

2) <https://www.statnews.com/2025/02/11/judge-orders-nationwide-halt-trump-nih-research-indirect-costs/>

# Trump's Executive Order on Gender Affirming Care

EO 14187 dated Jan. 28, 2025:

1. Defines 'child' and 'children' as individuals under 19 years of age;
2. Proposes to end "chemical and surgical mutilation of children", including puberty blockers;
3. Directs Attorney General to develop and advocate for a private right of action for impacted children and parents, with an extended statute of limitations;
4. Instructs DOJ to enforce laws related to female genital mutilation;
5. Preliminary injunction issued on March 4





# Trump's Executive Order on Price Transparency

EO 14221 dated Feb. 25, 2025 pushes the enforcement of the following within 90 days:

1. Follows the EO 13877 on Transparency of 2019
2. Require the disclosure of the actual prices of items and services, not estimates;
3. Issue updated guidance or proposed regulatory action ensuring pricing information is standardized and easily comparable across hospitals and health plans; and
4. Issue guidance or proposed regulatory action updating enforcement policies designed to ensure compliance with the transparent reporting of complete, accurate, and meaningful data.
5. New rules expected late May 2025

# White House Domestic Policy Council Focus

01

Exploring enhanced schema standardization for payer-submitted TiC files.

02

Looking to optimize TiC file size without compromising essential data.

03

Pursuing strengthening enforcement mechanisms.

# Technical Requirement Adoption

Last Refreshed 5/22/2025

100.0% Checked for V2.0 Adoption

**54.6%**

Meet Both Requirements

**96.4%**

Have Posted MRFs

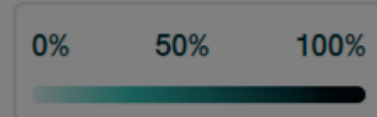
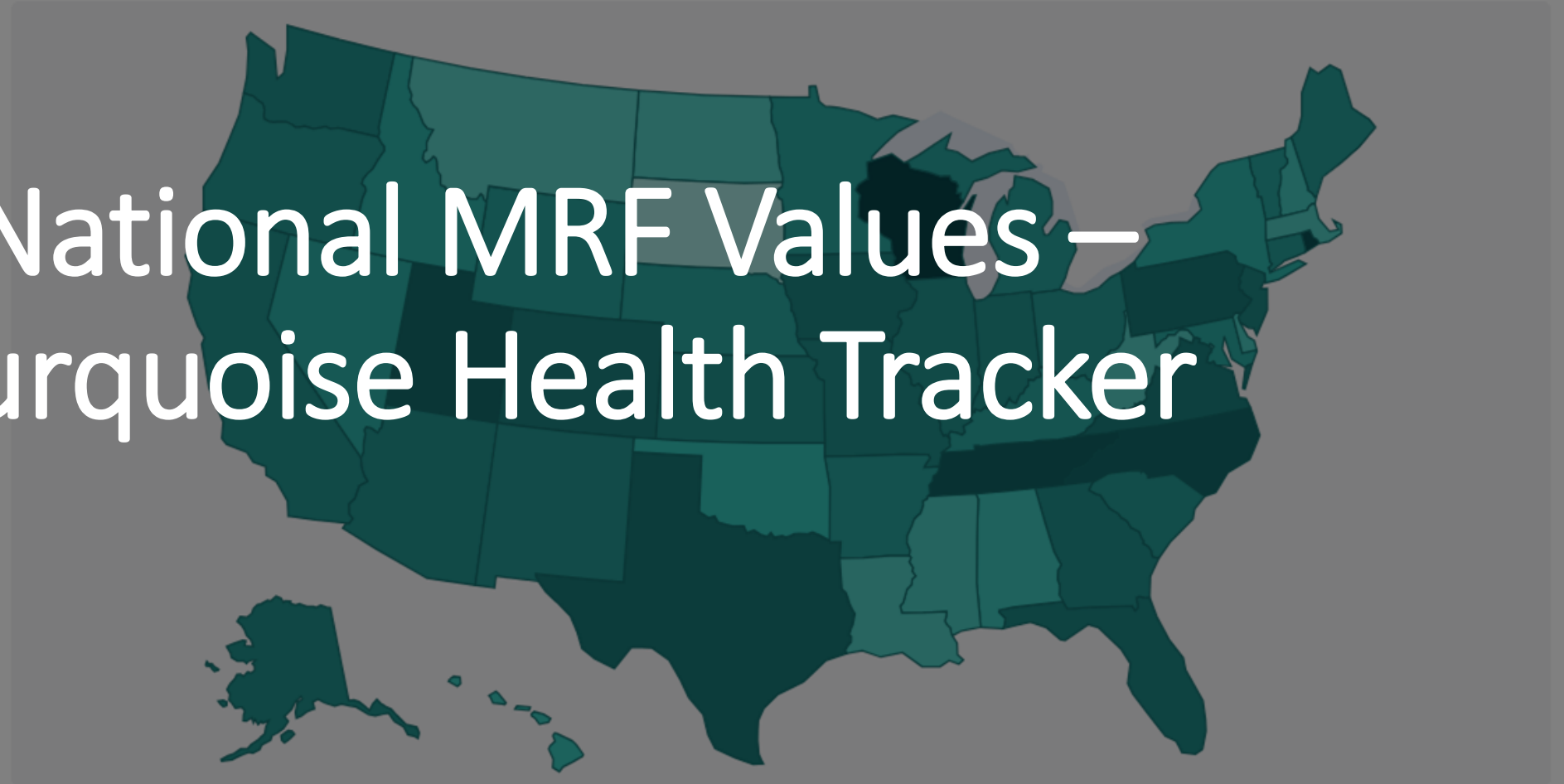
**60.7%**

Text File Adoption

**80.8%**

V2.0 Schema Adoption

## National MRF Values – Turquoise Health Tracker



Ohio

## Technical Requirement Adoption

Last Refreshed 5/22/2025

100.0% Checked for V2.0 Adoption

**53.0%**

Meet Both Requirements

**97.0%**

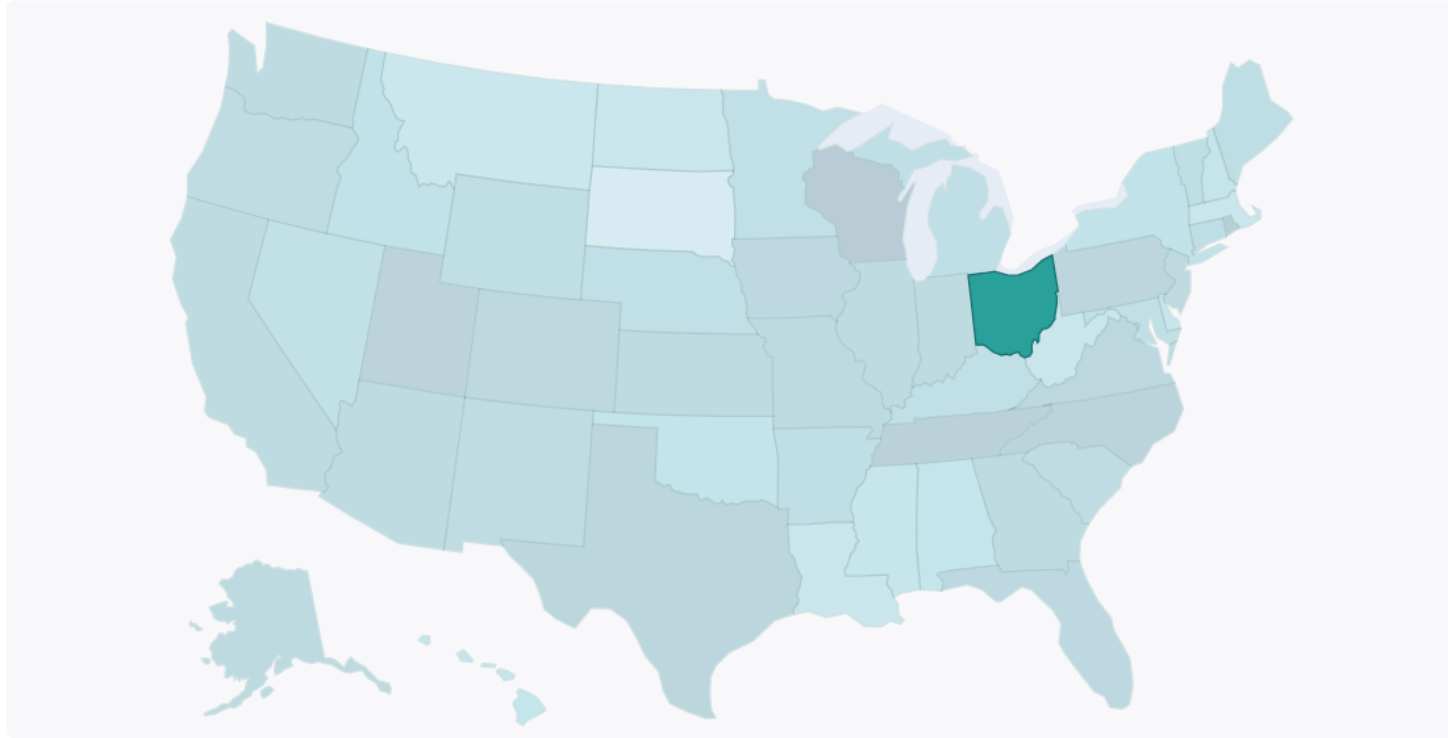
Have Posted MRFs

**55.0%**

Text File Adoption

**82.0%**

V2.0 Schema Adoption



0% 50% 100%



Kentucky

## Technical Requirement Adoption

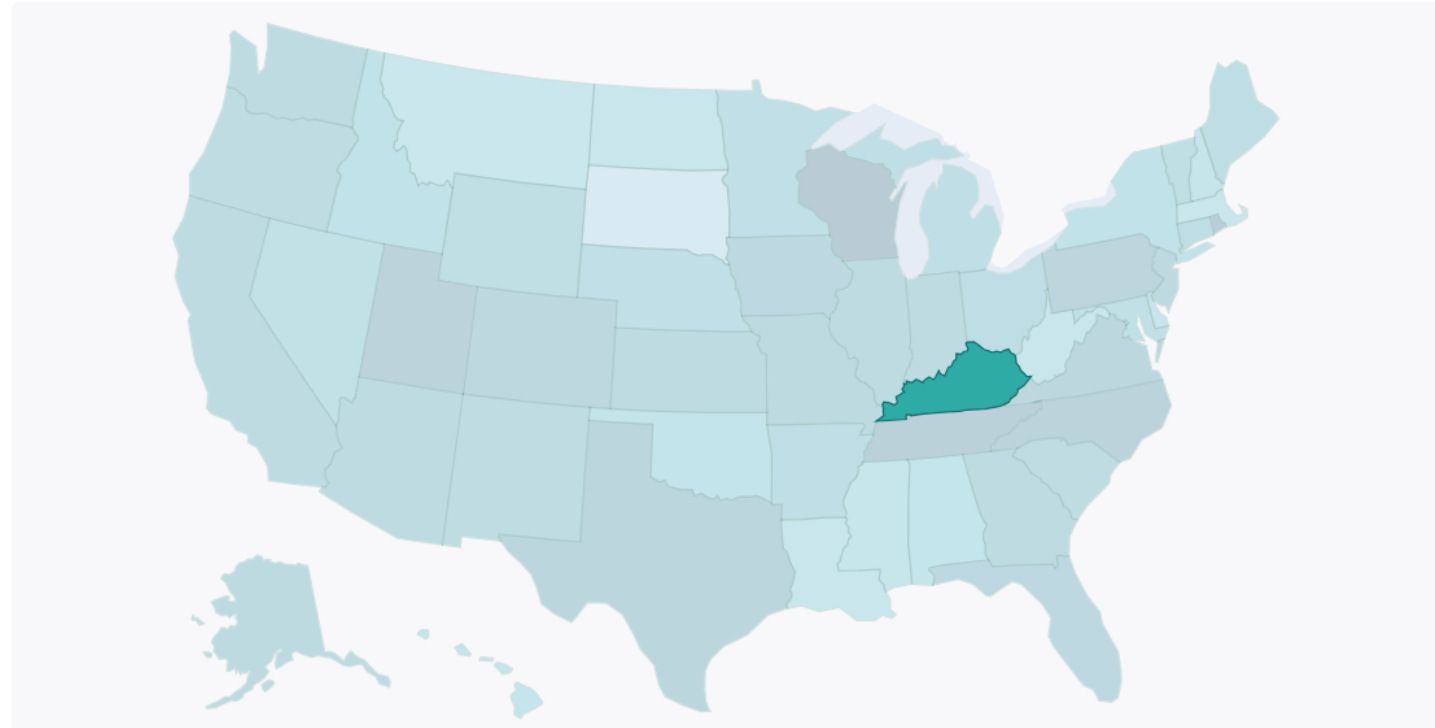
Last Refreshed 5/22/2025  
100.0% Checked for V2.0 Adoption

**49.0%**  
Meet Both Requirements

**97.0%**  
Have Posted MRFs

**64.0%**  
Text File Adoption

**74.0%**  
V2.0 Schema Adoption



0% 50% 100%

Wisconsin

# Technical Requirement Adoption

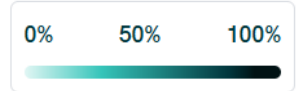
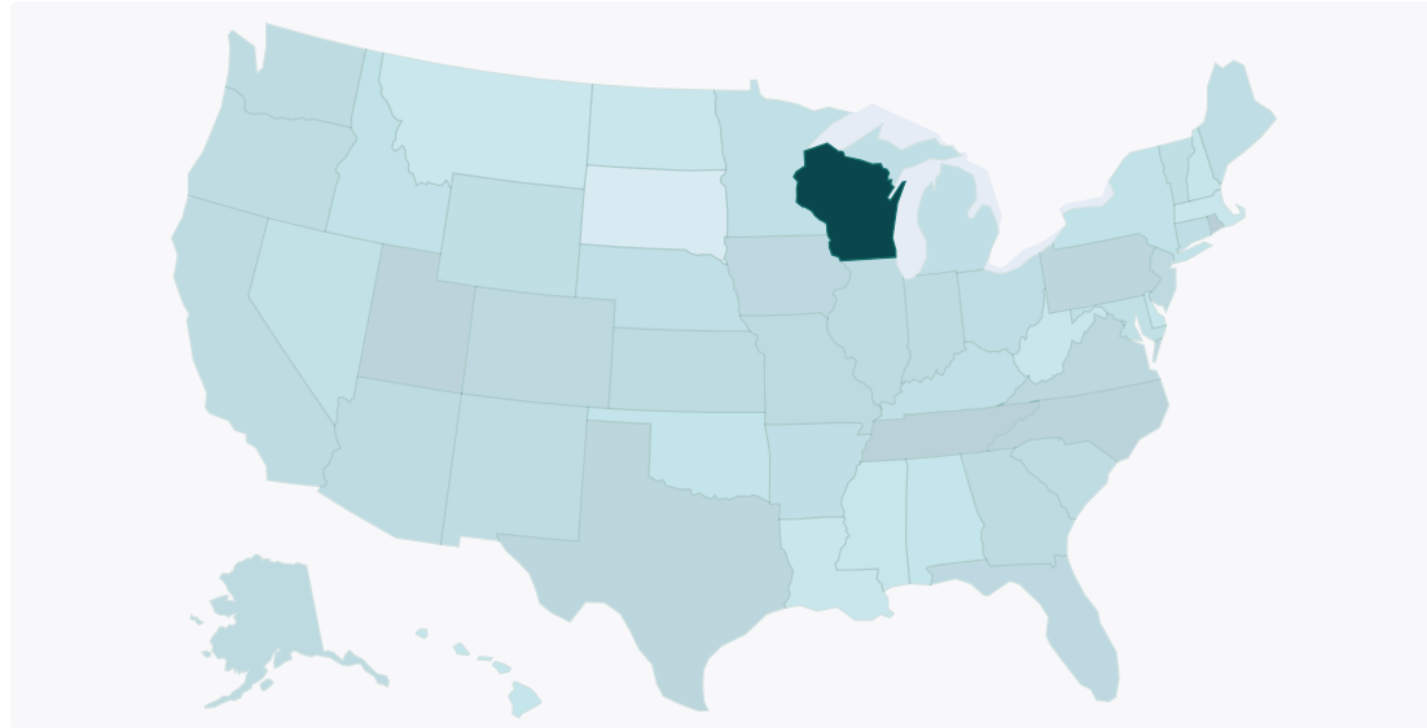
Last Refreshed 5/22/2025  
100.0% Checked for V2.0 Adoption

**84.0%**  
Meet Both Requirements

**99.0%**  
Have Posted MRFs

**87.0%**  
Text File Adoption

**94.0%**  
V2.0 Schema Adoption





# Trump's EO 14221 Potential Impacts For No Surprises Act


## Perspectives on the Order:

1. While not explicitly mentioned in the order, renewed enforcement of the No Surprises Act is expected.
2. The NSA protects patients from surprise billing, but enforcement has been limited since its passage.
3. Healthcare providers and insurers should prepare for new guidance and heightened enforcement, particularly regarding good faith estimate requirements for self-pay patients and out-of-network balance billing.
4. A great deal of discussions in D.C. around expediting Advanced Explanation of Benefits.

# Marshall and Hickenlooper's Price Tags Legislation



## Draft Copy BAI25136 Provider Highlights:

1. Monthly Updates to Machine Readable and Consumer-Friendly Pricing Files, Jan. 1, 2026;
  2. Mandatory Listing of 300+ Shoppable Services by Jan. 1, 2027;
  3. Detailed Price Disclosures, Jan. 1, 2026;
  4. Price Estimator Tools Shall Not Be Used for the Purposes of Compliance;
  5. CEO/CFO Attestation of Pricing Accuracy;
  6. Annual Compliance Audits by HHS;
  7. Escalating CMPs up to \$10M for Persistent Noncompliance;
  8. Independent Clinical Labs, Imaging Providers, and Ambulatory Surgical Center Monthly Updated File Inclusion
  9. Itemized Bill/Patient Billing Requirements
  10. All Providers Support Payer EOBs
- 

# Trump's Executive Order on Drug Prices

EO 14273 dated April 15, 2025:

1. Directs HHS to survey hospitals on outpatient drug acquisition costs and recommend budget-neutral payment adjustments;
2. Implements response to the 2022 SCOTUS ruling (AHA v. Becerra) invalidating 340B outpatient drug payment cuts;
3. Tasks HHS to evaluate if Part B payment shifts drug administration to costlier hospital settings and assess site-neutral payment options;
4. Acquisition survey rule and Part B proposals expected by mid-October (within 180 days).



# Supply Chain Meets Tariffs

- Levied 10% tariffs on all trading partners.
- “Reciprocal tariffs” paused for 90 days.

## Overall Price Effects from All 2025 Tariffs Through April 2:

	<i>Selected Commodities</i>		
	Overall Prices	Domestic Products	Imported Products
Leather products	18.3%	2.8	21.8
Wearing apparel	16.9%	3.0	19.4
Crops nec	13.3%	2.4	13.8
Metals nec	12.3%	4.6	18.6
Wool, silk-worm cocoons	10.9%	10.9	11.5
Processed rice	10.3%	9.1	18.2
Electrical equipment	10.0%	3.0	14.7
Textiles	9.6%	2.6	19.3
Motor vehicles and parts	8.4%	4.0	15.4
Machinery and equipment nec	6.6%	3.0	13.1
Ferrous metals	6.5%	2.8	17.8
Rubber and plastic products	6.4%	2.2	15.7
Mineral products nec	6.4%	1.5	15.7
Transport equipment nec	6.0%	3.1	11.5
Metal products	5.8%	2.5	14.4
Manufactures nec	4.8%	1.7	16.1
Computer, electronic and optical	4.5%	1.4	5.1

## Potential Impact

- Estimated 75% of available US-marketed medical devices are manufactured outside of the country.
- 82% of healthcare executives surveyed expect costs will increase by 15%.

Sources:

- 1) [Where We Stand: The Fiscal, Economic, and Distributional Effects of All U.S. Tariffs Enacted in 2025 Through April 2 | The Budget Lab at Yale](#)
- 2) [Trump tariffs will escalate costs for hospitals, patients: poll](#)

# Letter from House Ways & Means Republican Members to Dr. Oz and Abe Sutton

JASON SMITH  
MISSOURI,  
CHAIRMAN  
MARK ROMAN, STAFF DIRECTOR  
(202) 225-3625



RICHARD E. NEAL  
MASSACHUSETTS,  
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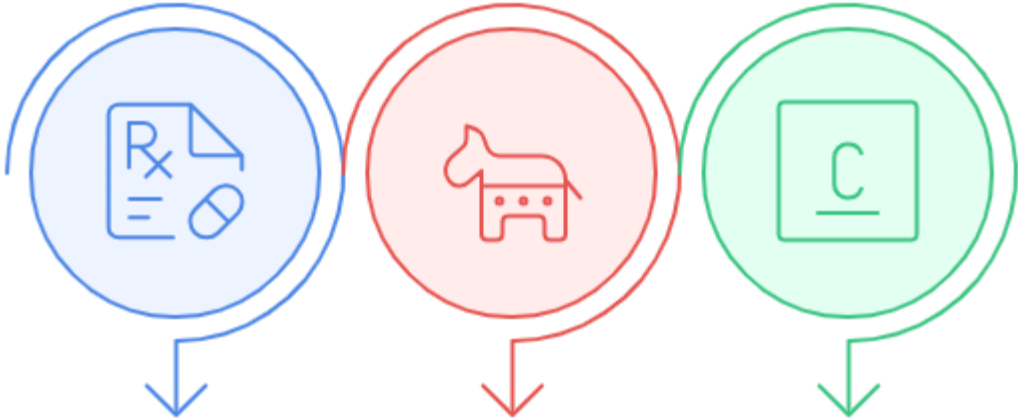
## U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS  
1139 LONGWORTH HOUSE OFFICE BUILDING  
Washington, DC 20515

Dear Administrator Oz and Director Sutton,

We write to express our interest in the priorities of the Center for Medicare and Medicaid Innovation (CMMI) under the Trump Administration. Congress created CMMI to build on the promise of valuebased care by testing innovative care delivery and payment models that improve care quality and reduce costs to the government. We are concerned with the Center's history of developing costly models that either fail to meet or are not on track to meet that standard which is rooted in statute. Furthermore, we strongly believe that prioritizing transparency and communication around changes to models is necessary for delivering stability and predictability to participants and will lead to more efficient model operations. We believe that with the right leadership, **CMMI can produce models that promote value over volume, result in meaningful program savings**, improve care for the most vulnerable beneficiaries living in rural and underserved communities, and better incorporate public input.

# Agenda Items



## Medicare Regulations

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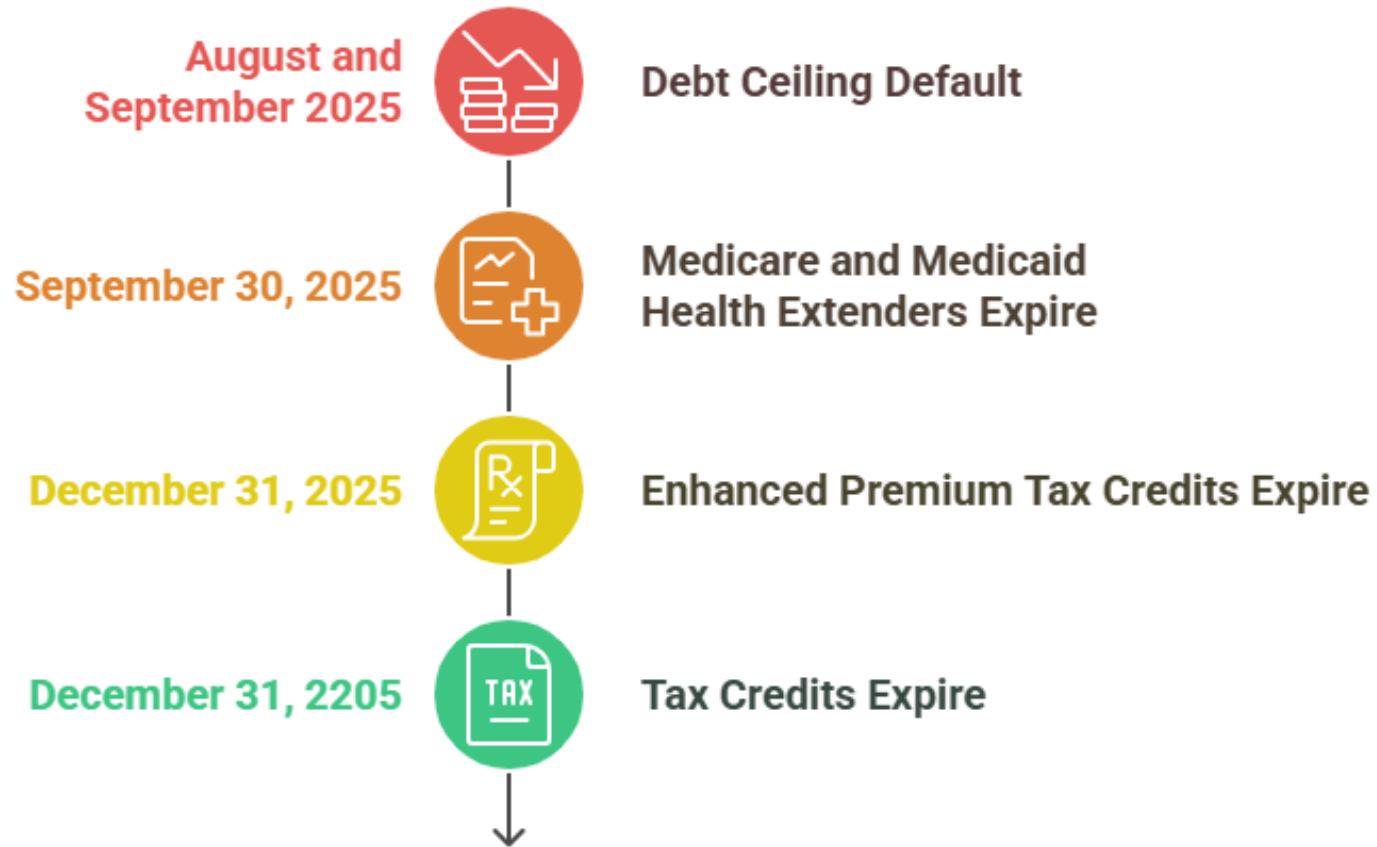
Recap of activities during administration

## Congressional Updates

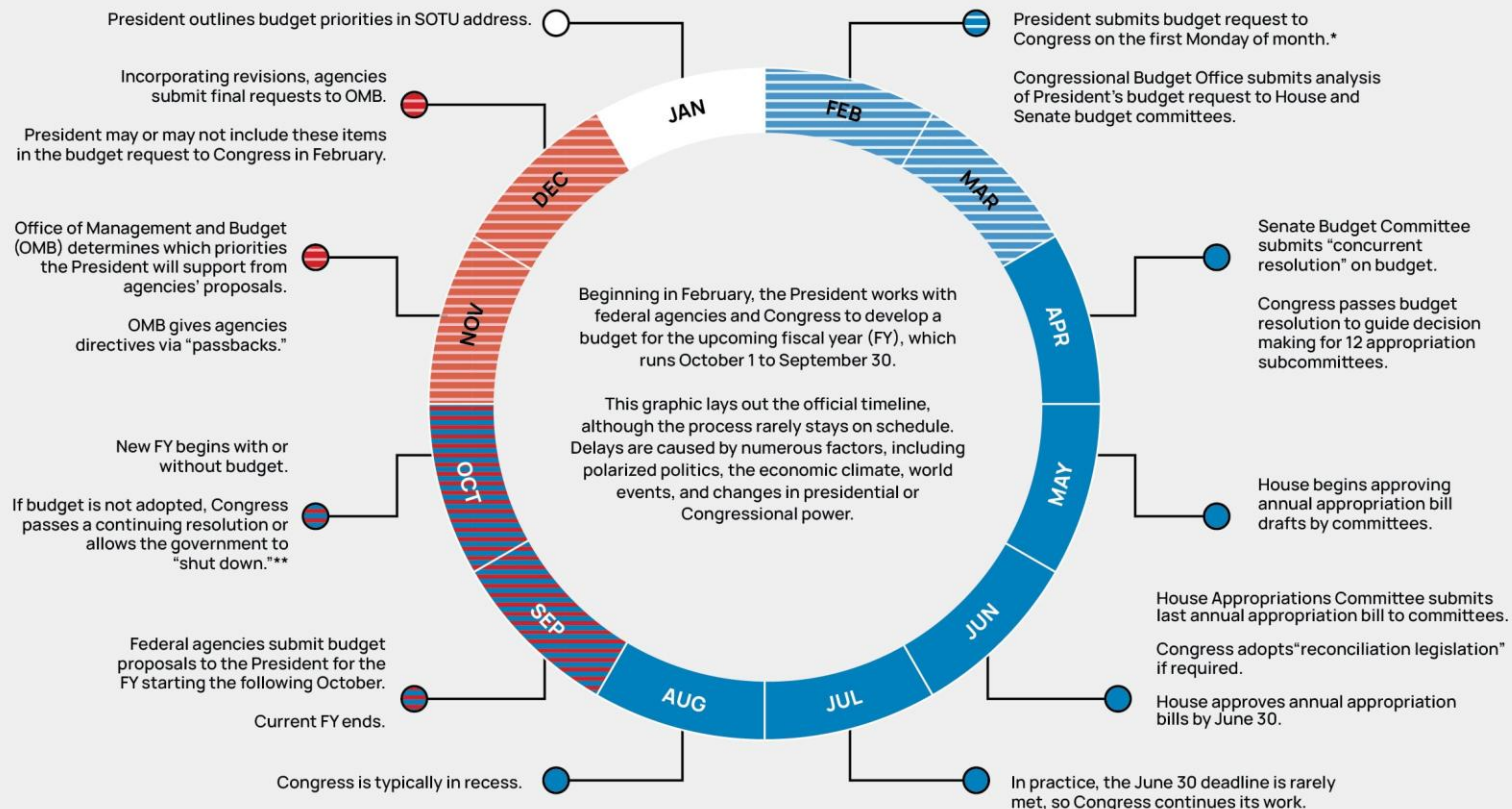
Current Congressional Activity

# Key Policy Deadlines - 2025

## The List of Deadlines!



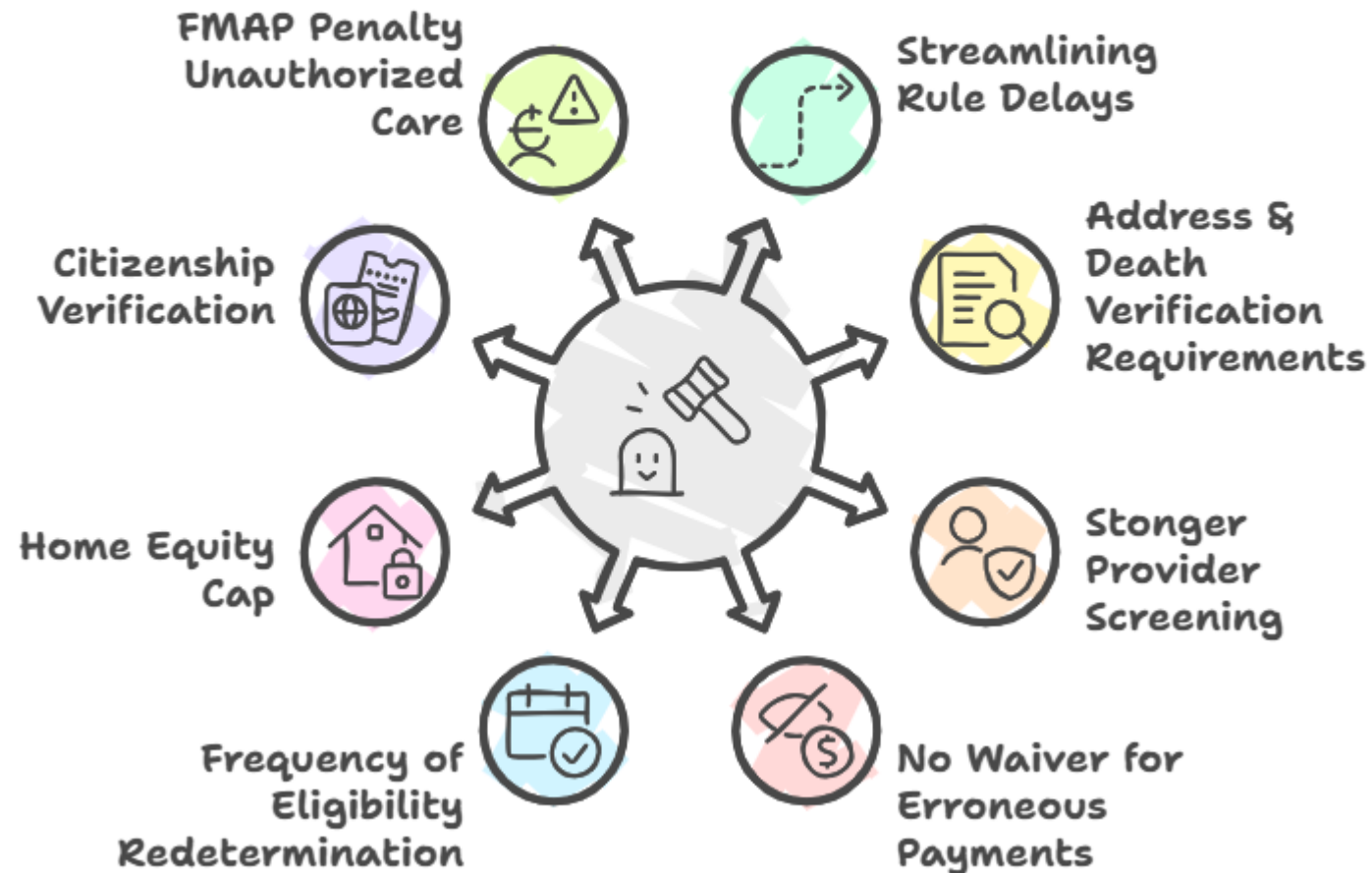
# THE FEDERAL BUDGET TIMELINE



- ✓ **Telehealth extension**
- ✓ **Hospital at Home extensions**
- ✓ **DSH cut delay**
- ✓ **Medicare Dependent Hospital (MDH) & Low Volume Adjustment (LVA) Programs extensions**
- ❑ **Long-term (multi-year) extension of telehealth or H@H program**
- ❑ **"Doc fix" amending the 2.83% negative adjustment to the PFS that started on Jan. 1, 2025**

# E&C Full Committee Mark-Up: May 13, 2025

## Medicaid Reform Strategies



# E&C Full Committee Mark-Up: May 13, 2025



# E&C Full Committee Mark-Up: May 13, 2025

## Overview of Financing Practices



### Sunset Expansion Incentives

Ends extra FMAP for new expansion states



### Freeze on Provider Taxes

Bans new or increased provider taxes.



### Cap State Directed Payments

Limits them to Medicare payment rates.



### Redistributive Tax Standards

Tightens tax equity rules and adds penalties for violations.

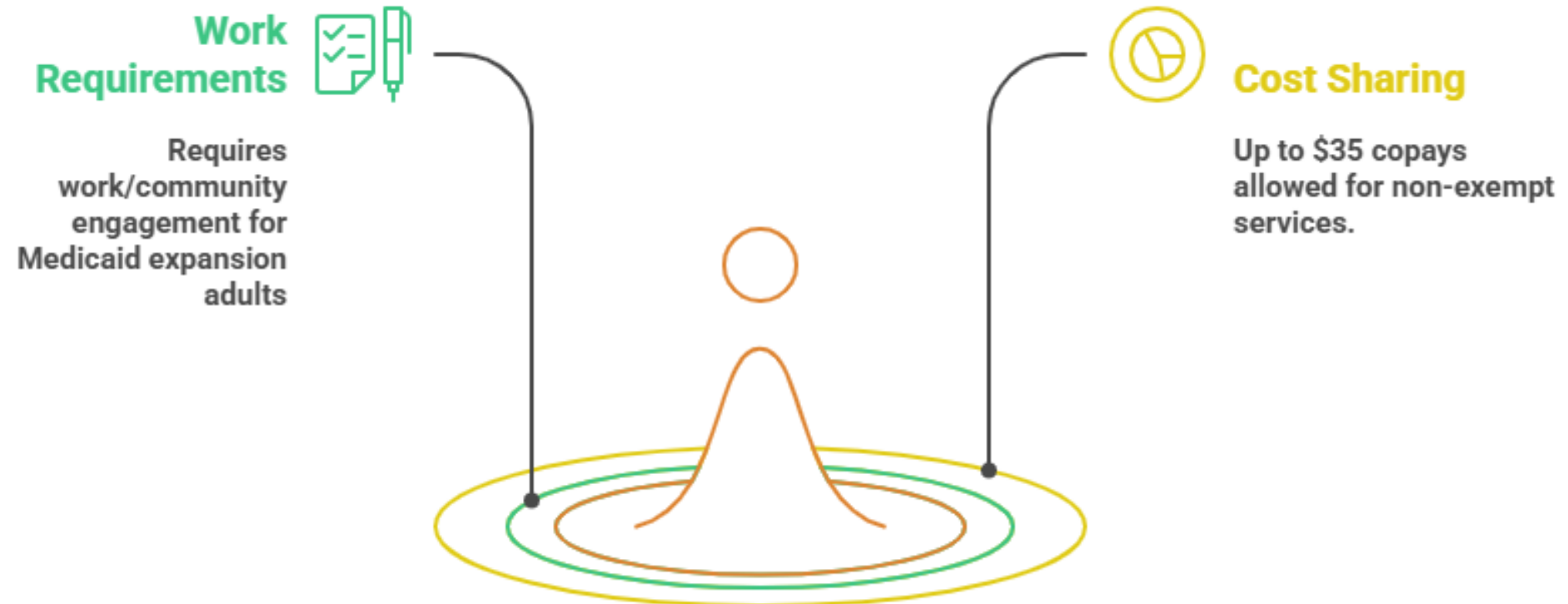


### Budget Neutrality in 1115 Waivers

Tighter waiver spending limits

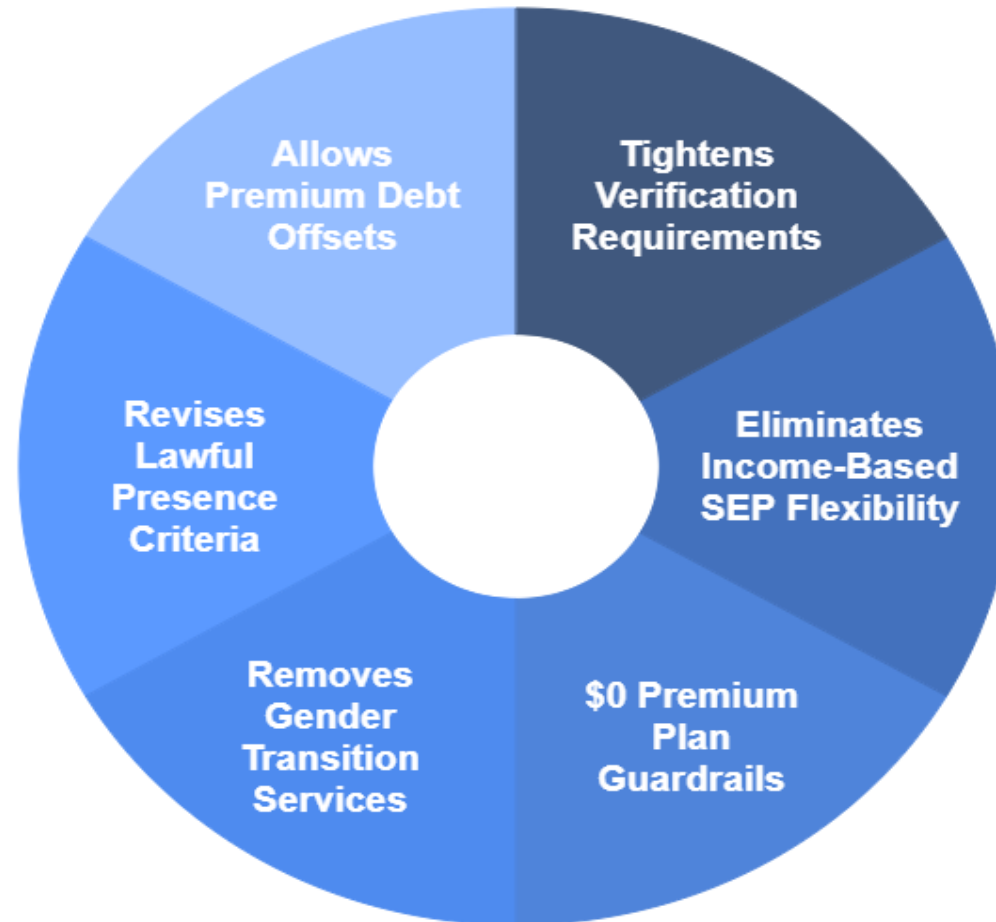
# E&C Full Committee Mark-Up: May 13, 2025

## Accountability Measures



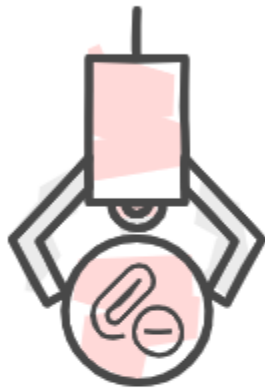
# E&C Full Committee Mark-Up: May 13, 2025

## Overview of ACA Reforms in 2026



# E&C Full Committee Mark-Up: May 13, 2025

## Access improvement actions



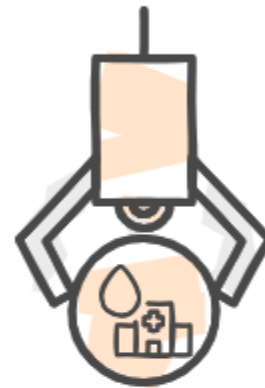
### Orphan Drug Exemption

Preserves exemption from price negotiation for multi-indication orphan drugs



### Pediatric Enrollment

Simplifies access for out-of-state children needing specialty care.



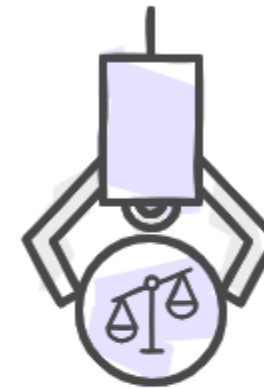
### Delay DSH Cuts

Delays \$8B in Medicaid DSH cuts until FY 2029



### Medicare PFS Cuts

Replaces split conversion factor with MEI-tied increase.

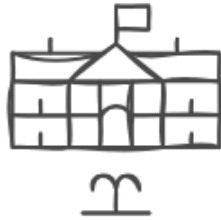


### PBM Reform

Enhances PBM transparency and curbs list-price-based compensation.

# Changes Thus Far at HHS...

## HHS Updates Under Trump



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### HHS Restructure

Significant workforce reduction and office closures. Department consolidation streamlines operations.



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### ACA Updates

Reduced enrollment period and stricter eligibility checks. Limits special enrollment for low-income individuals.



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### CMMI Model Changes

Termination of several care models. Future models are expected to be mandatory.



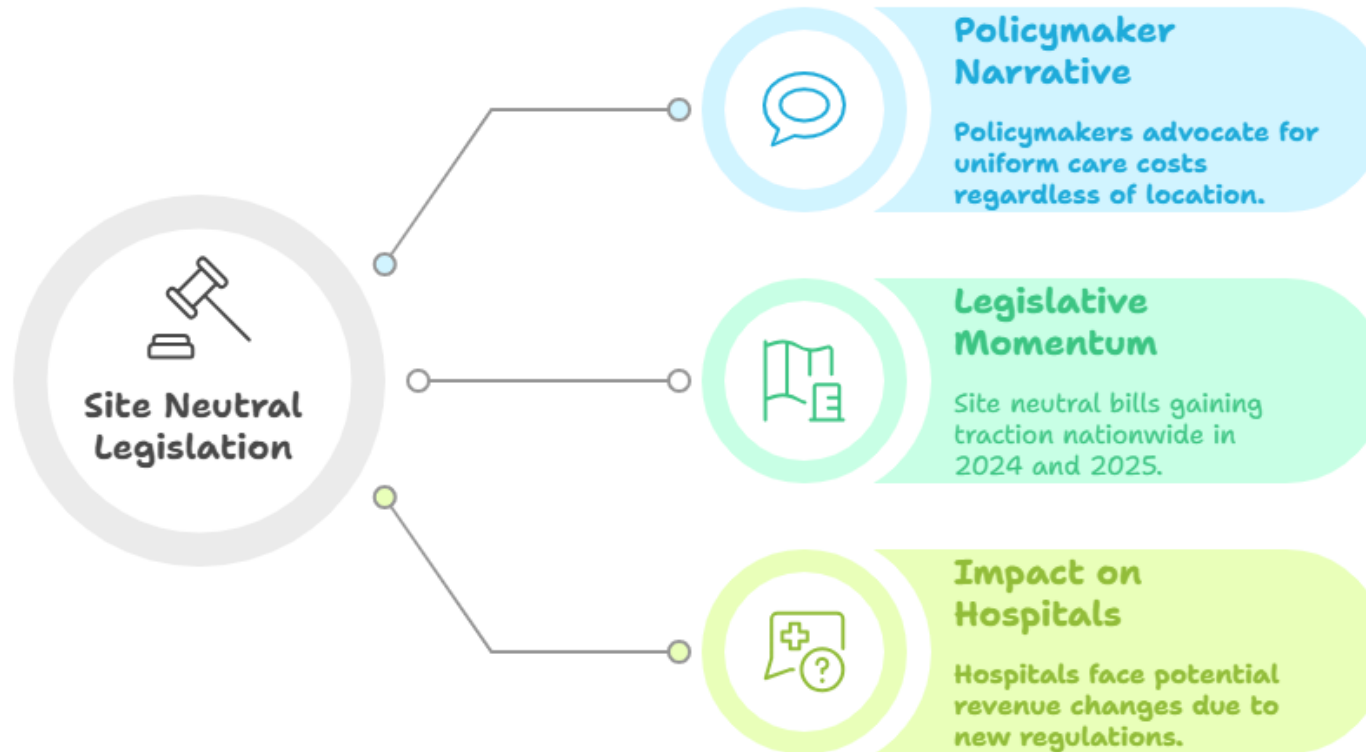
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### Richardson Waiver

Reduced oversight and potential provider silencing. Risk of aggressive policy changes.

# Site Neutrality Initiatives Heating Up!

## Unpacking the Surge in Site Neutral Legislation



# 340B Program Concerns Continue with Trump

## 340B Program Reform



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### Senate Legislation

Bill Cassidy will introduce legislation to reform the 340B program. The bill will be passed through committee.



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### Senate Floor

The bill would then go to the full Senate floor. Senator John Thune would steer it.

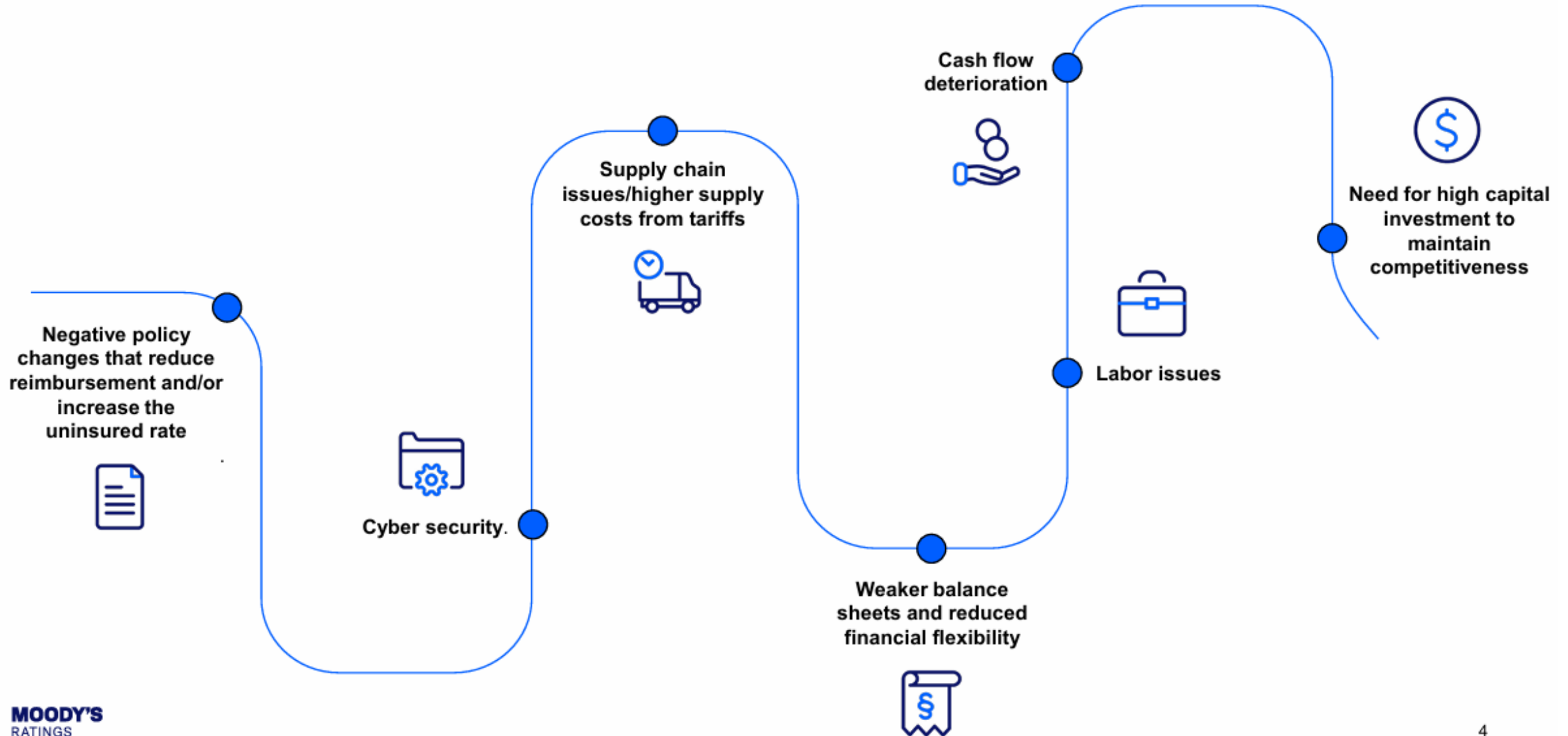


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### Executive Order

The administration is open to reforming the program through rulemaking. This was suggested in Trump's EO.

# Major risks for the sector



Questions?



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