



Issues for the week ending January 17, 2025

Federal Issues

Legislative

Ways and Means Committee Holds Hearing on Trump Tax Cuts

On Tuesday, the House Ways and Means Committee held a [hearing](#) titled, "The Need to Make Permanent the Trump Tax Cuts for Working Families." Extension of the 2017 Tax Cuts and Jobs Act (TCJA) was a primary focus of the hearing.

Why this matters: Extending these Trump era tax cuts will be the primary focus of the committee in the coming months as Congress works to advance the first 100-day agenda of the incoming Trump administration and contribute to a budget reconciliation bill reconciliation that would extend the tax cuts. To date, the conversations have focused on achieving \$2.5 trillion in savings, with any health-related offsets under consideration to likely be focused within Medicaid.

The Affordable Care Act's Advanced Premium Tax Credits (APTCs) were not specifically raised by either side of the aisle, however, The [Keep Americans Covered](#) coalition

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submitted a statement for the record on the importance of the APTCs.

Next steps: The Committee will hold a member day hearing on this week to further discuss matters within the Committee's tax jurisdiction.

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Federal Issues

Regulatory

Record Number of Americans Sign Up for Marketplace Coverage

CMS [announced](#) that 23.6 million consumers selected plan year 2025 coverage through the Marketplaces since the start of the 2025 Marketplace Open Enrollment Period, including 3.2 million new consumers – a record number.

2025 plan selections since November 1:

- Total: All Marketplaces – 23,608,657
- New Consumers – 3,178,138
- Returning Consumers – 20,430,519

Why this matters: The individual [market is working for millions of Americans](#). In addition to the [enhanced tax credits](#), a highly competitive market offers affordable, stable options that provide a record number of Americans the health, security, and peace of mind that comes with quality, affordable coverage.

HHS Publishes 2026 Payment Notice Final Rule

On January 13, HHS released a [pre-publication version](#) of the 2026 Payment Notice Final Rule, which provides annual updates to standards for issuers and Marketplaces.

Notable Changes:

- **Preventing Unauthorized Marketplace Activity Among Agents and Brokers.** HHS finalized several changes to address unauthorized enrollments and plan switches, including expanding its authority to suspending an agent or broker's ability to transact information, conducting compliance reviews and implementing new enforcement actions.
- **Premium Payment Threshold.** HHS will allow issuers to either implement a fixed-dollar premium payment threshold or a percentage-based premium payment threshold.
- **State Flexibility for Silver-Loading.** HHS codified previous guidance affirming that CSR loading practices that are permitted by State regulators are permissible under Federal law.
- **User Fees.** HHS finalizes two sets of user fee rates to reflect the uncertainty around the extension of enhanced premium tax credits.

The rule is effective on the date of publication in the *Federal Register*, which is expected on January 15, 2025.

Go Deeper: Read the HHS [press release](#) and accompanying [fact sheet](#).

HHS Releases AI Strategic Plan

On January 10, HHS [released](#) its AI Strategic Plan, which outlines the ways the department will leverage emerging technologies in innovating and adopting responsible AI.

Key Goals:

1. Catalyze health AI innovation and adoption to unlock new ways to use AI to improve people's lives.
2. Promote trustworthy AI development and ethical and responsible use to avoid potential harm.
3. Democratize AI technologies and resources to promote equitable access for all.
4. Cultivate AI-empowered workforces and organizational cultures to allow staff to make the best use of AI.

Next Steps: HHS indicated that they would provide updates to the Strategic Plan in the coming months and years, perform continuous risk assessment, engage stakeholders, and implement robust safeguards to ensure ethical and equitable AI use.

PHE Resources Available for Southern California Wildfires

HHS has [declared](#) a Public Health Emergency (PHE) for California to address the health impacts of the recent wildfires. PHE declarations give CMS authority to grant certain waivers and flexibilities related to the emergency.

Resources Available:

- Special enrollment periods (SEP) are [available](#) for individuals impacted by the disaster to enroll in coverage through the individual marketplace. Open enrollment coverage for California residents is also available through Covered California until January 31, 2025.
- CMS developed an [inventory](#) of Medicaid and Children’s Health Insurance Program (CHIP) flexibilities and authorities available to states in the event of a disaster to support operations and ensure continuity of coverage.

State Notices: During a state of emergency, California law requires insurers and health plans to take actions to ensure enrollees have continued access to medically necessary care. The California Department of Insurance (CDI) issued a [notice](#), and the Department of Managed Health Care (DMHC) issued [APL 25-001](#), directing companies and health plans to submit emergency plans detailing how they will ensure continued access to medically necessary health care services for the duration of the declared State of Emergency.

Go Deeper: See [additional resources and waiver flexibilities](#) available from CMS in response to the California wildfires.

USPSTF Issues Final Recommendation on Screening for Osteoporosis to Prevent Fractures

On January 14, 2025, the U.S. Preventive Services Task Force (USPSTF) released its [final recommendation statement](#) on screening for osteoporosis to prevent fractures. The first USPSTF recommendation has a “B” grade and recommends screening for osteoporosis to prevent osteoporotic fractures in women aged 65 years or older. The second USPSTF recommendation has a “B” grade and recommends screening for osteoporosis to prevent osteoporotic fractures in postmenopausal women younger than age 65 years who are at increased risk for an osteoporotic fracture as estimated by clinical risk assessment. The USPSTF found that the current evidence is insufficient to assess the balance of benefits and harms of screening for osteoporosis to prevent osteoporotic fractures in men. This recommendation updates the 2018 recommendation on screening for osteoporosis. The recommendation is generally consistent with the 2018 recommendation.

Following the June 2024 [circuit court ruling](#) in the *Braidwood Management, Inc. v. Becerra* case, health plans subject to the ACA preventive services mandate will continue to be required to cover all applicable preventive services recommendations from the Health Resources and Services Administration (HRSA), the Advisory Committee on Immunization Practices (ACIP) and USPSTF issued before and after 2010 without cost-sharing.

Administration Withdraws 2024 Preventive Services Proposed Rule

On January 15, 2025, the Departments of Health and Human Services (HHS), Labor (DOL) and Treasury (Departments) issued a [notice](#) in the Federal Register announcing the withdrawal of the [Proposed Rule](#) on Enhancing Coverage of Preventive Services Under the Affordable Care Act, initially released on Oct. 28, 2024. The Rule was intended to expand access to coverage of recommended preventive services without cost sharing in the commercial market, with a particular focus on reducing barriers to coverage of contraceptive services including over-the-counter contraceptives. In the withdrawal notice, the Departments said the Rule was being withdrawn in order to focus their time and resources on matters other than finalizing these rules.

CMS Releases 2026 Final Letter to Issuers in the Federally-facilitated Exchanges

On January 15, 2025, CMS released the 2026 Final Letter to Issuers in the Federally-facilitated Exchanges (FFE). The Letter provides updates on operational and technical guidance for the 2026 plan year for issuers seeking to offer qualified health plans (QHPs), including stand-alone dental plans (SADPs), in the Federally-facilitated Exchanges or the Federally-facilitated Small Business Health Options Programs (FF-SHOPs). The Letter to Issuers also describes how parts of the Letter apply to issuers in State-based Exchanges on the Federal Platform (SBE-FPs). You can access the finalized Letter to Issuers [here](#).

CMS Publishes New Warning Letter Addressing Requirements for Compliant Marketing Practices in the Marketplace

On January 15, 2025, CMS published a [new warning letter](#) to agents and brokers addressing compliant marketing practices in the Marketplace. In the letter, CMS reminds agents and brokers they are required to follow all applicable Marketplace regulations and guidance. This follows [warning letters](#) that CMS and the Federal Trade Commission (FTC) began sending to 21 companies in December 2024 to put them on notice about deceptive or unfair claims that likely violate laws enforced by the agency.

DEA Releases Rules on Telehealth and Prescribing

The Drug Enforcement Administration (DEA), in conjunction with HHS, [released](#) new rules that would make permanent telehealth flexibilities on controlled substances and prescribing.

- **Expansion of Buprenorphine Treatment via Telemedicine:** This [final rule](#) makes permanent flexibilities that allow individuals to obtain a prescription for buprenorphine for the treatment of OUD via audio-video telemedicine, without requiring an in-person visit. Patients can receive a six-month supply of buprenorphine through an audio-only encounter with a provider, after which they will need an audio-video telemedicine or in-person visit with a medical provider.
 - **Special Registrations for Telemedicine :** This [proposed rule](#) would establish special registrations for providers seeking to tele-prescribe Schedule III-V controlled substances, those who also wish to prescribe Schedule II controlled substances, and for platforms that facilitate virtual connections between providers and patients. The rule details guardrails to prevent fraud and misuse, including requirements for reviewing PDMPs and documentation.
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CMS Releases List of Medicare Part D Drugs to Be Negotiated 2027

On Jan. 17, CMS released a [list](#) of the 15 Medicare Part D drugs that were selected for negotiation under the Inflation Reduction Act's (IRA's) Medicare Drug Price Negotiation Program (MDPNP) for Initial Price Applicability Year (IPAY) 2027. CMS also released an accompanying [fact sheet](#) with more information on the drugs selected for negotiation. Negotiations will begin in March 2025 and will end in November 2025. Prices negotiated for IPAY 2027 take effect on January 1, 2027. While the IRA requires that the list of drugs selected under the MDPNP be released by February 1, it is unclear how the incoming Trump Administration will respond to this announcement.

Advance Notice of Methodological Changes for CY 2026 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies + Draft CY 2026 Part D Redesign Program Instructions

Comments due: Monday, February 10

CMS released the [Advance Notice](#) of Methodological Changes for Calendar Year (CY) 2026 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies. Additional background can be found in the CMS [Fact Sheet](#) and [Press Release](#). Overall, the proposed rule represents a more favorable update from last year's Advance Notice and Final Rate Announcement. The 2026 Final Rate Announcement is expected for publication no later than Mon., April 7, 2025.

Concurrently with the Advance Notice, CMS released Draft CY 2026 Part D Redesign [Program Instructions](#). Policies described in the Final CY 2025 [Program Instructions](#) also will apply in CY 2026 unless otherwise stated in the Draft CY 2026 Program Instructions. Additional background information can be found in the CMS [Fact Sheet](#). Comments on the proposals set forth in the Program Instructions must be submitted to CMS by Monday, February 10, 2025. The 2026 Program Instructions are expected for publication no later than Monday, April 7, 2025.

CMS Announces Connecting Kids to Coverage Funding Opportunity

The Centers for Medicare & Medicaid Services (CMS) announced the Connecting Kids to Coverage (CKC) Notice of Funding Opportunity (NOFO). The NOFO is part of the Outreach and Enrollment Cooperative Agreement program, which provides funding to reduce the number of children who are eligible for, but not enrolled in, Medicaid and the Children's Health Insurance Program (CHIP), and to improve retention of eligible children, parents, and pregnant women who are enrolled in the programs. This CKC NOFO makes available \$66.3 million (\$8.29 in AI/AN grants funds and \$58 million for broader grants) in cooperative agreements, up to \$3 million, for a five-year period of performance to achieve these goals. Eligibility for this grant opportunity includes: state and local governments; Indian tribes or other tribal organizations, federal health safety net organizations; national, state, local, or community-based public or nonprofit private organizations, faith based organizations, and schools. The funding will support innovative outreach strategies aimed at:

- Educating families about the availability of free or low-cost health coverage under Medicaid and CHIP
- Identifying children likely to be eligible for these programs
- Assisting families (including parents and pregnant individuals) in applying for and renewing coverage.

The deadline for applications is March 7, 2025.

State Issues

New York

Legislative

Governor's State of the State Address

Last week, Governor Kathy Hochul gave her State of the State address, previewing her administration's high-level goals for the coming session. Some healthcare related items included:

- Increased access to GLP-1's in Medicaid
- Increase the Affordability of Prescription Drugs
- Modernize Mental Hygiene Law to Expand Access to Care
- Fairly Reimburse Providers for Abortion Services
- Expand Access to Infertility Treatments
- Update and Improve Network Adequacy Requirements
- Allow Practitioners to Dispense Three-Day Supply of Opioid Use Disorder Medication
- Align State Drug Schedules with Federal Standards to Improve Monitoring

A copy of the State of the State address and policy book can be found here:

<https://www.governor.ny.gov/programs/2025-state-state>

New York State Executive Budget Proposed

On Tuesday, Jan 21, Governor Kathy Hochul unveiled her 2025-26 Executive Budget, which provided more details into proposals outlined in the State of the State as well as how the state plans to address some health care policy issues such as the MCO tax.

The budget, which is projected at \$252 billion (a 3.6% increase) is focused on economic development/consumer investments like expanded tax credits and inflation refund checks as well as addressing crime and public safety.

The Governor continued her focus on mental health, including investments in inpatient access, youth mental health services, and maternal mental health. The budget also contains details on the Managed Care Organization (MCO) tax that was approved by CMS in late 2024. While more guidance is needed from regulators, the executive budget details the taxes to be levied and the state's intent to spend the proceeds from the taxes, estimated at \$1.6 billion.

The budget briefing book can be found here:

<https://www.governor.ny.gov/sites/default/files/2025-01/FY2026-Executive-Budget-Briefing-Book.pdf>

The Legislature will now begin to convene joint budget committees to review the executive budget with the intent to pass a final enacted budget by the April 1 deadline.

State Issues

Pennsylvania

Legislative

Senate Committees Announced

Ahead of the return to session on the 27th, the Senate last week announced chairs and members of committees.

Senate Banking & Insurance Committee

Majority Chair Chris Gebhard (Lebanon)

Senator Lisa Baker (Luzerne)

Senator Kim Ward (Westmoreland)

Senator Scott Martin (Lancaster)

Senator Kristin Phillips-Hill (York)

Senator Devlin Robinson (Allegheny)

Senator Greg Rothman (Cumberland)

Senator Elder Vogel, Jr. (Beaver)

Senator Gene Yaw (Lycoming)

Minority Chair Sharif Street (Philadelphia)
Senator Lisa Boscola (Northampton)
Senator Marty Flynn (Lackawanna)
Senator Patty Kim (Dauphin)
Senator Anthony Williams (Philadelphia)

Senate Health & Human Services Committee

Majority Chair Michele Brooks (Mercer)
Senator Lynda Schlegel-Culver (Northumberland)
Senator Kim Ward (Westmorland)
Senator Frank Farry (Lehigh)
Senator Scott Hutchinson (Venango)
Senator Wayne Langerholc, Jr. (Cambria)
Senator Dan Laughlin (Erie)
Senator Judy Ward (Blair)
Minority Chair Art Haywood (Montgomery)
Senator Amanda Cappelletti (Montgomery)
Senator Maria Collett (Montgomery)
Senator Judy Schwank (Berks)
Senator Sharif Street (Philadelphia)

Industry Trends

Policy / Market Trends

HHS and Treasury Approve Nevada's 1332 Waiver Allowing for Implementation of Public Option Health Plans

On January 10, 2025, the Department of Health and Human Services (HHS) and the Department of the Treasury (the Departments) [approved](#) Nevada's waiver to implement public option health plans, requiring premiums to be at least 15% lower than those available through the Silver Health Insurance Exchange. Public option health plans will be available to Nevadans starting in 2026, offering an alternative coverage option. Nevada becomes the third state to implement a state-offered public option, following Washington and Colorado.

Report: Top 25 Part D Drug Prices Have Doubled

A [new report](#) from AARP's Public Policy Institute finds that the list prices for the 25 top Part D drugs that have not yet been selected for Medicare drug price negotiation have increased by an average of 98 percent – or nearly doubled – since entering the market.

By the Numbers:

- The 25 medications were responsible for nearly \$50 billion in total Part D spending in 2022, and were used by over 7 million Americans with Part D.

- 20 of the top 25 drugs' lifetime price increases were found to have greatly exceeded the rate of inflation.
- On average, more than 40 percent of the current list prices for the 25 top drugs is due to price increases that have occurred since the products first entered the market.

What They're Saying: "Brand-name drug prices have been increasing faster than the rate of general inflation for decades, putting life-saving medications out of reach for millions of patients who need them." –Leigh Purvis, author of the report and AARP's prescription drug policy principal.

Go Deeper: Read more about the pharmaceutical industry's planned price increases for 2025 [here](#).

Interested in reviewing a copy of a bill(s)? Access the following web sites:

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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