Highmark's Weekly Capitol Hill Report

Issues for the week ending June 6, 2025

Federal Issues

Legislative

NAIC Outlines State Insurance Regulator Health Care Priorities; Raises Concerns About Budget Reconciliation Bill

On May 29, National Association of Insurance Commissioners (NAIC) sent a letter to Congressional leaders to share their position on key Marketplace policy issues in relation to the budget reconciliation bill.

- **NAIC is an influential organization** of state insurance commissioners that sets regulatory guidelines for the states, advocates on Capitol Hill, and supports consumer protections.

Why this matters: NAIC's letter echoed health insurance industry positions around overall coverage losses that could result from many of the bill's provisions. It also expressed concerns similar to those raised by state exchange directors in a joint letter to House leaders, prior to the bill's passage, and Senate leadership post-passage.

In this Issue:

The details: Specifically, NAIC highlights three key provisions that would have an impact on health insurance markets:

- **Eligibility Verification and Reenrollment:** New requirements to **verify Marketplace eligibility** and to **limit auto re-enrollment** in the House-passed bill would introduce barriers to enrollment and could lead to increased premiums for the rest of the market.
- **Enhanced Premium Tax Credits:** Uncertainty over the enhanced **health care tax credits** creates a challenging and costly rate filing and approval process, already underway for 2026.
- **Resuming cost-sharing reduction (CSR) payments for 2026:** Would likely reduce federal expenditures long-term, but for the 2026 filing season would add costs and complications for health insurers and state regulators.

Key Excerpt: "Policy changes embedded in the House-passed reconciliation legislation would have a significant and ongoing negative impact on the health insurance markets we regulate and the health care system as a whole. These changes will lead to fewer individuals covered and disruptions to markets as soon as 2026."

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AHIP Statement on Projected Coverage Losses in Budget Reconciliation Bill

The Congressional Budget Office (CBO) released a report on the budgetary and coverage impact of policies related to the House-passed budget reconciliation bill, H.R. 1 – the *One Big Beautiful Bill Act*.

CBO Estimates by the Numbers:

- The bill increases the federal deficit by **$2.4 trillion** over a decade.
- **10.9 million** people are projected to lose coverage in 2034 due to Medicaid and Marketplace provisions in H.R. 1.
- Separately, **5.1 million** are projected to lose coverage from policies in CBO's current baseline (including: tax credit expiration, implementation of HHS's proposed Marketplace rule.

Why this matters: The CBO score will be used to determine whether certain policies are permissible to advance through the Senate parliamentarian process.

AHIP Statement: AHIP released a statement expressing concern over the CBO estimates that show coverage is at risk for millions of Americans.

- AHIP warns that the combination of the policies in H.R. 1 and tax credit expiration "will destabilize the individual insurance market, resulting in diminished competition, fewer choices and higher premiums — all at a time when millions of people no longer covered by Medicaid will need affordable sources of stable coverage.

  "Loss of coverage on this scale will put access to care out of reach for millions of families and threaten the viability of many of the providers who care for them, particularly in rural communities nationwide."

Go Deeper: Read the full CBO report and corresponding letter to Democratic committee leaders on the coverage impacts.

Federal Issues

Regulatory

CDC Updates COVID-19 Vaccine Recommendations for Healthy Children and Pregnant Women

The Centers for Disease Control and Prevention (CDC) updated its child and adolescent immunization schedule to shift from recommending COVID-19 vaccines for all children to instead recommending vaccination based on shared clinical decision-making for children aged six months or older. The CDC also updated the adult immunization schedule to remove the COVID-19 vaccine recommendation for pregnant women.

Why this matters: Under the Affordable Care Act, Advisory Committee on Immunization Practices (ACIP) recommendations that have been adopted by CDC based on shared clinical decision-making are generally required to be covered by group health plans and health insurance issuers offering group or individual health insurance coverage without imposing any cost-sharing requirements.

The Campaign for Sustainable Rx Statement on FTC's Patent Crackdown

The Campaign for Sustainable Rx Pricing (CSRxP) issued a statement on the recent FTC challenge to the validity of over 200 patents on brand name prescription drugs listed in the FDA's Orange Book.

Background: The Orange Book is a registry that describes all the pharmaceutical products that have been approved by the FDA and the patents that apply to these products.

- But as a September 2024 analysis from *STAT News* points out, brand name manufacturers are effectively gaming the Orange Book to make it more challenging for potential competitors to introduce alternative products to brand name drugs.

FTC Action: In May, the FTC sent warning letters to several manufacturers and notified the FDA that it disputed the appropriateness of the patent listings, noting that "these patents do not meet the statutory criteria for listing in the Orange Book."

What They're Saying: "By challenging sham patents, building on positive progress to better coordinate among agencies and advancing bipartisan, market-based solutions in Congress to hold Big Pharma accountable for anti-competitive practices, policymakers in Washington can deliver greater competition in the prescription drug marketplace and lower prices for the American people." – CSRxP Executive Director Lauren Aronson

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CMS Releases Latest Medicaid and CHIP Enrollment Figures

The Centers for Medicare & Medicaid Services (CMS) released the latest enrollment figures for Medicaid and the Children's Health Insurance Program (CHIP). As of January 2025, 71.4 million individuals were enrolled in Medicaid and 7.3 million were enrolled in CHIP, a decrease of 0.1% across both programs from the prior month. However, these figures still represent an increase from the pre-pandemic baseline, with Medicaid enrollment 11% higher and CHIP enrollment 6% higher than in February 2020. Read More

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CMS Releases Information Bulletin Rescinding Guidance on Adding SOGI Questions to Medicaid and CHIP Applications

CMS released an information bulletin rescinding guidance on adding sexual orientation and gender identity (SOGI) questions to state Medicaid and CHIP applications. The bulletin notes that CMS no longer intends to collect his information from state agencies as part of Transformed Medicaid Statistical Information System (T-MSIS) data submissions. Read More

State Issues

New York

Legislative

More Mandates Introduced

While lawmakers work to wrap up the legislative session, they also continue to propose new bills including those that would require insurance coverage of new mandated benefits. **Last week the following new mandates were introduced:**

- **COVID-19 vaccines (S.8334 (Gounardes))** — Mandates that plans cover COVID vaccines, the same way the state requires coverage for flu, polio, measles and other diseases, and requires Medicaid to cover the shot in pharmacies. Thoe sponsor called the bill a measure to ensure the vaccine is still covered in the event the federal government makes a policy change, as the head of U.S. Department of Health and Human Services has recommended. When reached for comment on the proposal, the New York Health Plan Association (HPA) acknowledged the importance of COVID vaccines in promoting public health but called the measure "premature," noting that insurance companies would follow the recommendations of the CDC's Advisory Committee on Immunization Practices, which is scheduled to meet later this month.

Mandates and their impact on the cost of coverage was the focus of a letter a coalition of a dozen groups representing employers and health plans sent late last week to Legislative leaders. The letter pointed to more than two dozen bills that would add new benefits, limit cost-sharing, and restrict efforts to manage health care costs that are under active consideration in the waning days of session. Stating those bills would translate into higher costs for employers, it highlighted the disproportionate impact mandated benefits have on small businesses and explained the problems with placing restrictions on cost-sharing mechanisms and efforts to manage medical costs. outlining concerns with bills. The letter was signed by HPA, along with the Business Council, the Capitol Region Chamber, the Conference of Blues, NFIB, Upstate United and several other business groups.

NADAC & Dispensing Fee Legislation: Additionally, late on Friday the Senate amended **S.5939 (Skoufis)/A.5882 (McDondald).** The bill would require that in-network pharmacies are reimbursed at minimum of the national average drug acquisition cost (NADAC) or a higher amount if there is no NADAC rate, and also mandates a minimum dispensing fee equal to Medicaid.

- **Why this matters:** The legislation would increase the cost of prescription drug coverage in New York by hundreds of millions of dollars, but would exclude collectively bargained agreements between employers and labor organizations from the requirements. As a result, it will lead to increased premiums and higher costs at the prescription counter without providing any corresponding value to consumers and employers, particularly small businesses.

New York
Regulatory

Regulatory Updates

- **2026 Rate Requests** — The Department of Financial Services last week posted rate applications for the 2026 plan year, with a proposed average rate increase of 13.5% for the individual market and 24% for small group policies. The posting of rate applications triggers the 30-day public comment period as well as the requirement for plans to send initial rate notices to policy holders.

- **Disaster Preparedness** — Also last week, DFS issued its annual Disaster Preparedness Circular Letter outlining plans' responsibility to submit a disaster response plan, a response to the disaster response plan questionnaire, and a response to the business continuity plan questionnaire. These submissions are due by August 15, 2025.

- **Health Equity Webinar** — In preparation for the new Health Equity regulation that takes effect July 31, 2025, DFS is hosting a special webinar to provide important information regarding new regulatory requirements. The Department is offering two sessions for the webinar — Wednesday, June 25 from 11:00-11:30 a.m., and Thursday, June 26 from 10:00-10:30 a.m.

State Issues

Delaware
Legislative

Shield Bill Protections Expanded

HB 205 was introduced last week. The purpose of this legislation is to protect medical providers in the State from out-of-state lawsuits and investigations that threaten the practice of medicine in the State.

- Clarifies that physicians, physician assistants, and nurses that provide lawful healthcare services in the State do not engage in unprofessional conduct and cannot be disciplined for such services even if such services are illegal or considered to be unprofessional conduct or the unauthorized practice of medicine or nursing in another state.

- In a civil action or proceeding, prohibits any healthcare provider from disclosing communications and records concerning healthcare services unless the patient authorizes such disclosure, with some exceptions.

- Provides protections from civil and criminal actions that arise in another state that are based on the provision of health care services that are legal in Delaware.

- Creates a cause of action for persons against whom a judgment was entered in another state based upon that person allegedly providing, receiving, or helping another person to provide healthcare services that are lawful in Delaware.

- Prohibits an insurer from taking an adverse action against a healthcare provider or organization for performing or providing healthcare services that are lawful in this State.

- Prohibits any State or local agency, commission, board, or department from assisting a federal law-enforcement agency, another state's law-enforcement agency, a private citizen, or a quasi-law-enforcement agency in relation to an investigation or inquiry concerning the lawfulness of healthcare services, if such services would be lawful as provided if they occurred entirely in the State.

Why this matters: This Act updates House Bill 455 from the 151st General Assembly by providing the same legal protections afforded providers of contraceptive and abortion services to medical providers of all legal healthcare services in the state of Delaware.

State Issues

Pennsylvania

Legislative

Legislative Update

The House of Representatives and Senate return to session this week following a Memorial Day recess.

Budget Update: While the budget is due by the end of the month, it is expected that the budget will not be completed on time. Senate leadership is citing uncertainty with Federal funding as the main reason which the state budget will not be completed and anticipate the negotiations will continue through July.

Senate Update: The Senate Banking & Insurance Committee will be meeting on Tuesday to consider Senate Bill 88. This bill amends the insurance laws to provide comprehensive coverage for breast cancer screening by requiring health insurance policies to cover mammographic examinations, MRI, and other breast imaging services without cost-sharing for individuals at average risk or higher.

- Specifically, the bill mandates annual mammographic examinations for women 40 and older, and allows mammograms for women under 40 when recommended by a physician.

- It also requires coverage for supplemental breast screenings and diagnostic breast examinations for individuals with increased breast cancer risk factors.
- The legislation applies to most health insurance policies, with a phased implementation over 180 days.
- While these standards largely mirror forthcoming HRSA requirements, both Senators have expressed the goal of having this legislation be enacted prior to the Federal requirements to be “The first in the nation.”

- **Lyme Disease Coverage Mandate:** The Senate Health & Human Services Committee is expected to meet on Wednesday to consider Senate Bill 461 by Senator Michele Brooks. This bill aims to address the high incidence of Lyme disease in Pennsylvania by establishing comprehensive requirements for diagnostic testing, treatment, and insurance coverage for Lyme disease and related tick-borne illnesses. The legislation mandates that health insurance policies and government programs cover all diagnostic testing (including full western blot tests), tick testing, and prescribed treatments for Lyme disease, which may include short-term or long-term antibiotic treatments as determined by a healthcare practitioner. The bill requires healthcare providers to document clinical diagnoses and report them to a new statewide registry managed by the Department of Health in partnership with the Tick Research Lab of Pennsylvania.

House Update: The House continues to work on **House Bill 1460, providing for Department of Health and Office of Attorney General oversight for health care transactions.** The bill, passed out of the House Health Committee last week by a vote of 22-5, is expected to be amended on the floor of the House this week with final passage as soon as Wednesday.

- The House Human Services Committee will meet on Tuesday to consider **HB1590 by Representative Dan Williams.** This bill amends the Human Services Code to remove regulatory restrictions that previously limited medical assistance payments for clinic services to only those services provided within the physical confines of a clinic facility. Specifically, the bill abrogates two specific sections of Pennsylvania regulatory code (Sections 1153.14(6) and 1223.14(11)) that previously defined certain clinic services as noncovered when they were not delivered inside a clinic's physical location. By removing these limitations, the bill expands the potential for medical assistance payments by allowing reimbursement for clinic services that might be provided outside of traditional clinic spaces. The bill takes effect immediately upon enactment.

- **School-based Health Services:** It is anticipated that legislation will be introduced this week by Chairman Perry Warren from the House Insurance Committee to require insurance coverage of school-based health services outside of a student’s IEP. This legislation is a priority of Governor Shapiro and was an item he mentioned in his annual budget address in February.

- After Wednesday, the House will adjourn until Monday, June 16 and the Senate will adjourn until Monday, June 23.

Pennsylvania

Regulatory

Commonwealth's 1332 Waiver Reinsurance Program—Extension Application Approved

On April 24, 2025, the Centers for Medicare & Medicaid Services, a division of the United States Department of Health and Human Services and the United States Department of the Treasury, approved the Commonwealth's application for an extension of its 1332 State Innovation Waiver under the Affordable Care Act (ACA) for an additional 5 years. The waiver is in effect January 1, 2026, through December 31, 2030. The Commonwealth's 1332 Waiver Reinsurance Program will continue to operate as a claims-based reinsurance program.

Public comments on the Commonwealth's 1332 State Innovation Waiver Reinsurance Program will be accepted from June 7, 2025, through July 11, 2025. Comments may be directed through mail or email. Information *about the 1332 Reinsurance Program* is available at: https://www.pa.gov/agencies/insurance/laws-regulations-notices/act-42-reinsurance-1332-waiver.html

In addition, a virtual public forum will provide additional opportunities to learn about and comment on the 1332 Waiver Reinsurance Program. The virtual public forums will be held on July 8, 2025 by way of Microsoft Teams. There will be two sessions at 9:30 AM and 10:15 AM. This forum will be recorded and attendance will constitute consent to the recording.

For more details about the Public Comment Period or about the Public Forum please see the Notice available at: https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol55/55-23/768.html

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Recommendations Released for a Statewide System of Hospital Emergency Department Status Reporting

On June 3rd, the Pennsylvania Department of Health (DOH) released the final version of the Emergency Department Status Concept of Operations document. In development since last year, the document outlines the department's framework for standardizing the definitions used to communicate emergency department status reporting.

Background: Over the past two decades, the lack of a consistent terminology and use of the concept of "hospital divert" poses challenges for health care providers, emergency medical services (EMS) professionals, and stakeholders, resulting in confusion and inefficiencies. Different regions within the Commonwealth use varied terms such as bypass, condition red, and divert, each with its own set of criteria and implications. This inconsistency makes it difficult to form a unified response and sometimes hinders the efficient delivery of care.

These recommendations build upon work previously done and results in a framework for a statewide system of hospital emergency department status reporting. A standard definition of "Hospital Emergency Department Status" will streamline operations and ensure that healthcare facilities, EMS, and related entities, are consistent. To achieve this consistency involves both establishing uniform terminology and developing a set of voluntary guidelines that can be applied across the entire Commonwealth

A three-to-six-month implementation program is being proposed. Use of this document, except for sections that apply to regulatory reporting requirements (especially section 4.2.2) is voluntary but strongly encouraged.

One major challenge that is not addressed in this document is the significant issue of emergency department overcrowding. This complex issue is caused by a host of factors including, but not limited to, staffing challenges across health care settings, patients with behavioral health issues and others boarding in the emergency department awaiting inpatient beds, and use of the emergency department for non-urgent medical conditions. The issue of emergency department overcrowding is being addressed in other workgroups.

Additional changes: Concurrently, the Patient Safety Authority has announced updates to the Pennsylvania Patient Safety Reporting System (PA-PSRS) to accommodate the newly recommended emergency department status terminology. The new reporting taxonomy takes effect June 26, 2025, which hospitals will be required to use when making reports of emergency department bypass.

Kickoff Call: DOH will hold an implementation kickoff call on **Tuesday, June 17, at 1 p.m.** Registration is available **online**. The agenda will include an overview of the Concept of Operations document, implementation next steps, and a question-and-answer period.

Why this matters: Standardization of terminology for emergency department status reporting not only improves operational efficiency but can facilitate better data collection, sharing, and analysis, enabling more effective resource allocation and planning. It can also improve response in crisis situations, such as natural disasters or pandemics, where coordination and efficiency are critical.

For More Information: Questions about the document or the meeting can be directed to the DOH Bureau of Emergency Preparedness and Response at **ra-dhBEPR@pa.gov**.

Industry Trends

Policy / Market Trends

2026 Rate Filings - Issuers Have Begun Rate Filings, Impact of Expiration of Enhanced Premium Tax Credits is Clear

Average proposed rate increases by state for the individual market, with and without enhanced premium tax credits (eAPTCs), that have been made public are as follows:

- Maryland: Average proposed rate increase of 17.1%; 7.9% if eAPTCs are extended
- New York: Average proposed rate increase of 13.2%; 8.6% if eAPTCs are extended
- Oregon: Average proposed rate increase of 9.7%; 7.1% if eAPTCs are extended
- Vermont: Average proposed rate increase of 17.4%; 10.6% if eAPTCs are extended
- Washington: Average proposed rate increase of 21.2%; 18.9% if eAPTCs are extended

BCBSA, AHIP and other stakeholders continue to advocate for the extension of eAPTCs as quickly as possible.

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/.**