Issues for the week ending October 24, 2025

In this Issue:

Federal Issues

Regulatory

Government Shutdown Impact on Medicare Advantage and Rulemaking

CMS has provided guidance related to Medicare claims processing, telehealth services, and other operations, but most of the guidance has been specific to Original Medicare.

CMS' future MA rulemaking could be impacted as the shutdown continues.

All statutorily required rules will go forward regardless of the shutdown. This includes the Calendar Year (CY) 2027 Advance Notice which will likely be released in early February 2026 with the final (Rate Announcement) on or before Apr. 6, 2026. However, the proposed CY 2027 Technical C/D Rule is not statutorily mandated and could be released in November 2025. It is unclear if this proposed rule will be delayed. Its release is contingent upon the duration of the government shutdown.

CMS Updates

- **CMS' Wasteful and Inappropriate Service Reduction (WISeR) Model:** CMS released a provider and supplier operational guide ahead of the model's January 2026 start date. WISeR is specific to Original Medicare for a select list of Part B items and services, limited to six states across four Medicare Administrative Contractor (MAC) jurisdictions, and at select sites of service.

- **CMS instructed MACs to lift the Medicare claims hold :** On Tuesday, October 21, CMS instructed all MACs to lift the claims hold and process claims with dates of service of Oct. 1, 2025, and later for certain services impacted by select expired Medicare legislative payment provisions. It included claims paid under the Medicare Physician Fee Schedule, ground ambulance transport claims, and Federally Qualified Health Center (FQHC) claims.

- **CMS Awards Contracts to Four Tech Firms to Prototype National Health Provider Directory:** Health Payer Specialist reported that CMS has awarded short-term proof-of-concept contracts to Palantir, Gainwell Technologies, the Council for Affordable Healthcare, and Availity to prototype a national health provider directory. The project aims to address long-standing inaccuracies in health plan provider listings and will be developed in multiple phases over the next year in collaboration with the private sector. The contracts run through Nov. 13, 2025, with future participation beyond the prototype phase yet to be determined. **Read More:** Health Payer Specialist article; Contract Awards

- **CMS Opens Applications for Innovation in Behavioral Health Model Cohort II:** The Centers for Medicare & Medicaid Services (CMS) released applications for Cohort II of the Innovation in Behavioral Health (IBH) Model, a seven-year initiative to integrate behavioral and physical health care for adults covered by Medicaid, Medicare, and both programs. Up to five state Medicaid agencies will be selected, each eligible for up to $7.5 million to support care coordination between behavioral health providers, primary care, and community organizations, with a total budget of $37.5 million across all recipients. Beginning in 2027, the program introduces value-based payments to align incentives, improve access, and enhance care quality while addressing social determinants of health. The initiative will include a two-year planning phase (2027–2028) and a five-year implementation phase (2029–2033). Applications are due June 3, 2026. Read More

State Issues

Pennsylvania

Legislative

Budget Update

While the impasse continues, there was some movement last week with the state budget. The Senate passed an amended version of SB 160 by a party line vote.

The bill, as amended, was a gut and replace of the House's proposed budget of $53 billion, with the Senate counter proposing a budget of $47 billion. This budget is almost identical to the 2024-2025 budget as enacted, and $4 billion less than what Governor Shapiro proposed in February. The bill has been returned to the House for consideration, with possible action this week.

Industry Trends

Policy / Market Trends

Surprise Billing Dispute System Flooded with Ineligible Claims

New AHIP/BCBSA survey data reveals that nearly 40% of disputes submitted to the federal Independent Dispute Resolution (IDR) process in 2024 were ineligible under the No Surprises Act.

- Despite this, many still advanced through arbitration and triggered inflated payments.

Why this matters: The arbitration process was designed for legitimate, last-resort disputes. Gaming a government process like this is the definition of waste and abuse.

Yes, and: This misuse is driving $5 billion in spending, inflating premiums for patients and employers, and undermining the intent of the law.

By the numbers:

- **39% of disputes were ineligible**, including:
  - Claims payable under Medicare or Medicaid
  - Disputes already resolved and resubmitted
  - In-network provider disputes
  - Claims governed by state surprise billing laws
- **~50% of ineligible cases** still resulted in payment determination
- **400% higher payments:** Providers are not only winning disputes more often, but when they do, their payments are regularly 400% above and as high as 10,000% above contracted rates

What they're saying:
"Unchecked, these wasteful practices drive up everyone's premiums. It's time to restore balance and transparency to this process, and The Blues stand ready to work with policymakers on commonsense reforms." — Kim Keck, BCBSA president & CEO

Get the full story: Visit BCBS.com to read the web article and joint press release with AHIP. You can also review the full AHIP/BCBSA survey and help amplify the message by sharing this post on LinkedIn.

KFF: Annual Family Premiums for Employer Coverage Rise 6% in 2025, Nearing $27,000, with Workers Paying $6,850 Toward Premiums Out of Their Paychecks

Family premiums for employer-sponsored health insurance reached an average of $26,993 this year, according to KFF's annual benchmark health benefits survey of large and smaller employers finds. On average, workers contribute $6,850 annually to the cost of family coverage, with employers paying the rest.

Family premiums are up 6%, or $1,408, from last year, similar to the 7% increase recorded in each of the previous two years. This year's increase compares to general inflation of 2.7% and wage growth of 4% over the same period.

Over the past five years, the cumulative increase in family premiums (26%) and in what workers pay toward family premiums (23%) is similar to inflation (23.5%) and wage growth (28.6%).

Many employers may be bracing for higher costs next year, with insurers requesting double-digit increases in the small-group and individual markets on average, possibly foreshadowing big increases in the large-group markets as well. Employers continue to single out drug prices as a factor contributing to higher premiums in recent years.

Urgent Call to Action: Extend Enhanced Premium Tax Credits to Prevent Skyrocketing Healthcare Costs

As the expiration of enhanced premium tax credits looms, a critical message is resonating from healthcare advocates and consumers alike: there is still time for Congress to act and prevent a massive surge in healthcare costs for millions of Americans. AHIP (America's Health Insurance Plans) and its coalition partners are intensifying their efforts to highlight the severe consequences of inaction, emphasizing that an extension of these vital tax credits is not only possible but imperative.

AHIP President and CEO Mike Tuffin recently underscored the urgency, stating, "The enhanced tax credits that millions of American families rely on for financial security and affordable access to care expire this year." He pointed out that consumers in some states are already seeing what the expiration would mean for them – an average premium increase of 114 percent in 2026, according to the Kaiser Family Foundation. While acknowledging the challenges of a late extension, Tuffin asserted these are "not insurmountable," especially with policy continuity for 2026. He stressed, "There is still time to protect 24 million Americans from the largest spike in health care costs in history and there is still time to ensure consumers see immediate relief in 2026." Should an extension occur, health insurers are prepared to work swiftly with regulators to help consumers understand their updated coverage choices. State-based marketplace officials have echoed this readiness to support consumers if Congress acts.

The potential impact on individuals and families is stark, as highlighted by recent news coverage. Without an extension, millions of Americans face "sharply rising" costs. Examples from various news outlets illustrate this:

- **Older Adults:** A 60-year-old couple in Kentucky earning $85,000 could see an annual premium increase of $23,700. Similar couples in Nevada, Minnesota, and Maryland could face increases of $18,100, $15,500, and $13,700, respectively.

- **Self-Employed Individuals:** A self-employed couple, one a breast cancer survivor and the other a heart attack survivor, are already anticipating premium increases, with one spouse taking on a second job to prepare.

- **Families:** A family currently paying $900 monthly for their plan, with an $800 subsidy, is bracing for significant increases. Another family relying on Obamacare for themselves and their daughter could see their monthly bill jump from $700 to over $1,400.

- **Individuals with Chronic Conditions:** Celia Monreal of Tyler, Texas, worries daily about her husband's knee issues, knowing that without the tax credits, their fully subsidized plan will become unaffordable, jeopardizing his needed knee replacement surgeries and their treatment for other chronic conditions. The Associated Press reported that the uncertainty is sending her into a "worrisome spiral" as open enrollment approaches.

These stories underscore that without Congressional action, millions will face unaffordable costs throughout 2026, leading to either steeply higher out-of-pocket expenses or the loss of crucial health coverage. The Kaiser Family Foundation's analysis indicates that, on average, subsidized enrollees could see their premiums more than double next year if the enhanced tax credits expire.

In response to this looming crisis, AHIP coalition partner Keep Americans Covered (KAC) has launched a new, seven-figure advertising campaign. This campaign features real patients from Idaho, North Carolina, and Arizona, sharing their personal stories about how the enhanced premium tax credits enable them to afford their health coverage. The ads are targeting policymakers in Washington, D.C., and voters in ten key U.S. media markets, urging swift Congressional action.

The message is clear: the expiration of the enhanced premium tax credits would lead to the largest spike in healthcare costs in history for 24 million Americans. Congress has a critical window to act and prevent this financial burden, ensuring continued access to affordable, high-quality care for those who need it most. AHIP's comments were echoed by **officials who run the state-based marketplaces,** who also made clear that they stand ready to support consumers who obtain coverage in the individual market should Congress take action to extend the tax credits.

Go Deeper:

- Read more from AHIP here for state snapshots on the negative consequences Americans will experience without extension of the tax credits. Other AHIP news articles:
  - A new article highlighting recent news coverage as millions of Americans get "their first look at the sharp increases many will pay" without extension of the enhanced premium tax credits.
  - Another new article from AHIP highlights more news coverage sounding the alarm on the unaffordable costs and consequences Americans face without extension of the enhanced premium tax credits.
- AHIP President and CEO Mike Tuffin statement.
- Get the facts on the health care tax credits here.
- Keep Americans Covered (KAC) new advertisement.
  - See other KAC spots that also share stories of real Americans who depend on the health care tax credit, including Amanda from Idaho, Kenny from North Carolina, and Jessica from Arizona.

CSRxP Criticizes Policy that Preserves High Drug Prices

The Campaign for Sustainable Rx Pricing (CSRxP) is urging Congress to reconsider a policy that was passed as part of a broader legislative package, noting how it could potentially cost taxpayers and seniors billions more dollars than originally estimated.

By the Numbers:

- The Congressional Budget Office estimated that the policy, known as the ORPHAN Cures Act, would cost **$8.8 billion**, up from its original estimate of $4.9 billion.

- One analysis published in *Health Affairs* found that at least 10 brand name drugs could be impacted by the provision and gross Medicare spending on these drugs amounted to $13.8 billion in 2023.

The Concern: CSRxP points out that lawmakers were not fully informed of the financial impact when the measure passed and that it undermines efforts to lower drug costs for Medicare beneficiaries. CSRxP calls for a swift repeal, warning that the policy disproportionately rewards drug manufacturers while burdening seniors and taxpayers.

Medicaid DSH Cuts in Effect After Years of Delays

Modern Healthcare reported on the cuts to Medicaid disproportionate share hospital (DSH) payments that took effect Oct. 1 after Congress failed to further delay those cuts. The Medicaid DSH program, which was part of the Affordable Care Act of 2010, provided supplemental payments to hospitals serving a high volume of Medicaid and uninsured patients. Payment cuts were initially slated to take effect in 2014, based on the assumption that coverage gains under the ACA would reduce the volume of uninsured patients and thereby decrease hospitals' need for these payments. However, since the ACA's enactment, Congress delayed the DSH payment cuts over a dozen times. Now, absent another delay, states and hospitals are facing an $8 billion cut in FY 2026 and subsequent fiscal years. Read More

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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/.**