Issues for the week ending November 14, 2025

Federal Issues

Legislative

Passage of Continuing Resolution-Appropriations Bill

Congress passed and the President signed legislation that reopens the government through January 30, 2026, and provides full-year (FY 2026) appropriations for Agriculture, Food and Drug Administration (FDA), Legislative Branch, and Military Construction-Veterans Affairs. Funding for remaining appropriations bills and certain expiring programs including health-related has been extended through January 30, 2026.

No Inclusion of Enhanced Premium Tax Credits: Of note, the legislation does not include extension of the ACA's enhanced premium tax credits, which are set to expire on December 31, 2025. As part of the agreement to end the shutdown, a group of Senate Democrats secured a commitment from Republican leadership to hold a Senate floor vote in December on Democratic-supported legislation addressing the expiring health care tax credits. In response AHIP released a statement.

- **By the numbers:** If Congress fails to extend the health care tax credit, coverage losses could reach as many as 5 million people because they cannot afford it.

In this Issue:

Here's also a high-level summary of key health extenders and other provisions of interest.

Health Extenders

- **Medicaid DSH cuts**: Delays the Medicaid disproportionate share hospital (DSH) cuts through January 30, 2026. The remaining DSH cuts will be in effect for a period of FY2026 through FY2028. Additionally, this section funds Tennessee's DSH program through January 30, 2026.
- **Medicare telehealth flexibilities:** Extends Medicare FFS telehealth flexibilities enacted during the COVID-19 public health emergency (PHE) through January 30, 2026. These flexibilities include removing geographic requirements, expanding originating sites of service, expanding eligible practitioner types, permitting audio-only telehealth, and delaying in-person visit requirements for mental health.
- **Medicare acute care at home:** Extends Medicare's Acute Hospital Care at Home waiver enacted during the COVID-19 PHE through January 30, 2026.
- **Medicare hospital payments:** Extends increased inpatient hospital payment adjustment for certain low-volume hospitals through January 30, 2026.
- **Medicare physician payments:** Extends the geographic practice cost index (GPCI) floor (set at 1.00) used to calculate Medicare physician fee schedule payments through January 30, 2026.
- **Medicare quality measures:** Extends funding for CMS to contract with a consensus-based entity that will provide quality measure endorsement, input, and other activities.
- **Part D coverage for oral antiviral drugs**: Extends temporary inclusion of oral antiviral drugs operating under an emergency use authorization as covered Medicare Part D drugs through January 30, 2026.
- **CHC, NHSC & THCGME:** Extends funding for the Community Health Centers (CHCs),

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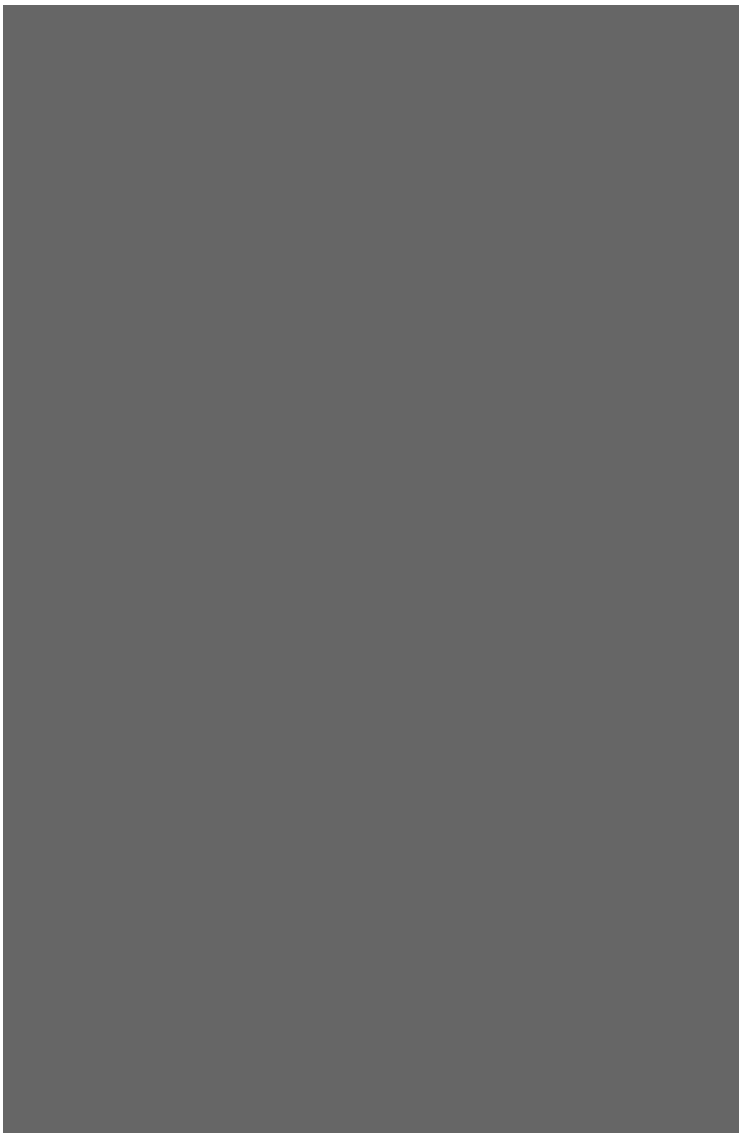
- **State Budget Finalized**
- **Legislative Update**

National Health Service Corps (NHSC), and Teaching Health Center Graduate Medical Education (THCGME) through January 30, 2026.

- **PAHPA:** Extends certain sections of the Pandemic and All-Hazards Preparedness Act (PAHPA) through January 30, 2026.
- **Special Diabetes Programs:** Extends funding for the Special Diabetes Program for Type I Diabetes and the Special Diabetes Program for Indians through January 30, 2026.

Other Provisions

- **Medicare Sequestration:** Extends by one month the mandatory Medicare 2% payment reductions under sequestration to pay for the health care extenders included in the bill.
- **No Surprises Act Implementation:** Extends funding for No Surprises Act implementation through January 30, 2026.
- **PAYGO:** Prevents statutory pay-as-you-go (PAYGO) requirements, including 4% Medicare cuts, by excluding the bill's contents from the PAYGO scorecard and zeroing out the scorecard, which for example addresses the impacts of the reconciliation legislation from July.



Federal Issues

Regulatory

BCBSA Champions Key Reforms for Medicare Advantage, Part D
Last week, BCBSA sent a letter to CMS outlining their recommendations to protect and strengthen the MA and Part D programs ahead of the rulemaking cycle for the 2027 contract year.

Why this matters: This annual letter is an opportunity for BCBSA to share The Blues' collective experience in these markets, help inform and shape future regulations that guide these critical programs and support the BCBS North Star principle of market leadership in government markets.

By the numbers: BCBSA Plans collectively serve:

- 5.3 million beneficiaries in MA
- 6.8 million in Part D stand-alone plans

The details: The letter highlights BCBSA's shared commitment to ensure the MA program continues evolving to meet the changing needs of beneficiaries, emphasizing both short- and long-term improvements and reforms.

Specifically, BCBSA provided recommendations on policy priorities that will strengthen MA for beneficiaries, improve program administration and ensure long-term stability, including:

- Improving payment adequacy and risk adjustment
- Part D and affordable drug coverage
- Star Ratings for MA and Part D
- Reducing administrative burden and improving transparency

CDC Announces Upcoming Vaccine Committee Meeting

The Centers for Disease Control and Prevention (CDC) announced the Advisory Committee on Immunization Practices (ACIP) will hold its next meeting on Dec. 4 and Dec. 5. The meeting will include discussions on vaccine safety, the childhood and adolescent immunization schedule and hepatitis B vaccines. Recommendation votes may be scheduled for hepatitis B vaccines, and Vaccines for Children (VFC) votes may be scheduled for hepatitis B vaccines. The final meeting agenda has not yet been released. There will be a live virtual webcast available for the meeting, and written comments will be accepted from Nov.13 to Nov. 24.

"Black Box" Warning Removed from Hormone Replacement Therapy

HHS announced action to remove the "black box" warnings from hormone replacement therapy (HRT) products used for menopause. HHS also released a fact sheet to accompany the announcement.

Background: Since the early 2000s, the FDA has included a warning that these products can increase the risk of breast cancer. The announcement follows a comprehensive review of scientific literature, an expert

panel, and a public comment period. The FDA concluded the inclusion of the warning was based on a faulty study that resulted in women and physicians having an incomplete view of HRT.

Next Steps:

- The FDA is working with manufacturers of the products to update language in labeling to remove references to cardiovascular disease, breast cancer, and probable dementia. The FDA is not seeking to remove the boxed warning for endometrial cancer for systemic estrogen-alone products.
- The FDA also announced it is approving two new drugs to expand treatment options for symptoms of menopause – a generic version of Premarin (conjugated estrogens), and a non-hormonal treatment for moderate to severe vasomotor symptoms.

CMCS Releases Guidance on Addressing Concurrent Medicaid Enrollment Across States

The Center for Medicaid & CHIP Services (CMCS) released an Informational Bulletin (IB), Ensuring Medicaid Eligibility Integrity by Addressing Concurrent Medicaid and Children's Health Insurance Program (CHIP) Enrollment Across States to remind states of the requirement to act timely on changes in circumstances with respect to residency, and providing guidance on steps needed to identify and redetermine eligibility for concurrently enrolled beneficiaries.

The IB states that the Centers for Medicare & Medicaid Services (CMS) will soon provide each state with a one-time file on Medicaid and CHIP beneficiaries identified as potentially enrolled in another state, based on T-MSIS data covering June through August 2025. States are directed to review the information and, as appropriate, promptly redetermine eligibility for the identified beneficiaries and terminate coverage for those the state determines are no longer eligible based on residency.

- CMS encourages states to deploy outreach efforts to ensure individuals do not inadvertently lose coverage for procedural reasons, and notes states may wish to engage with managed care plans and other key partners to support outreach to beneficiaries.
- CMS also notes that in some narrow situations, it may be appropriate for an individual to be enrolled in two states, such as when an individual has temporarily relocated to another state due to a natural disaster.
- In the case of individuals who are in a continuous eligibility period (such as children or pregnant and postpartum women), CMS notes that no longer being a state resident is an exception to continuous eligibility, so states must act on the potential change in residency.

The IB also indicates that CMS is working to implement requirements in HR.1 (P.L. 119-21) designed to reduce duplicate enrollments, including establishing a system to prevent concurrent enrollments by no later than October 1, 2029. States are also required to establish a process that regularly obtains enrollee address information, including from managed care organizations, by January 1, 2027.

CMS Issues Draft Guidance on Medicare Advantage MPF Provider Directory Data

On November 7, CMS issued memorandum to Medicare Advantage (MA) plans announcing the release of the draft "Technical Implementation Guide for Supplying Medicare Advantage (MA) Provider Directory Data for Use in Medicare Plan Finder (MPF)." CMS is issuing this draft guidance to implement the requirements

from the second final rule on changes to the MA and Part D programs for CY 2026, for MA plans to submit provider directory information to CMS for display on MPF.

The draft guide presents a three-phase approach to the use of MA plan provider directory data in MPF. In Phase One, CMS has partnered with SunFire Matrix, Inc. to supply data to MPF for CY 2026. In Phase Two, CMS expects to use data from publicly accessible provider directory APIs from MA plans in FHIR-based JSON or machine-readable JSON format. Phase Two implementation for CY 2027 is the focus of the draft guide. In Phase Three, CMS intends for a CMS-developed National Prover Directory to "consume MA plan FHIR-based APIs and feed the data to MPF."

CMS is seeking industry feedback on this guide. Comments are due by December 19 via the online survey tool. CMS does not provide a downloadable version of the survey to review, but multiple submissions are allowed.

State Issues

Delaware

Regulatory

DOI Issues Revised Bulletin on the Health Insurance Market Stabilization and Reinsurance Program

Effective immediately, the Delaware Department of Insurance (DOI) has issued a revised Domestic and Foreign Insurers Bulletin No. 113 that establishes procedures for the collection of an assessment on health plans that funds the Delaware Health Insurance Market Stabilization and Reinsurance Program, due March 1, 2026. It also serves to emphasize the program's role in maintaining affordability and market stability as Advance Premium Tax Credits (APTCs) are set to expire on Dec. 31, 2025, unless extended by Congress.

Product lines that are excluded from the assessment include stand-alone dental insurance, stand-alone vision insurance, long-term care insurance, disability income insurance, and accident-only insurance.

In the absence of APTCs, the bulletin states: "the Reinsurance Program will serve as a primary mechanism to offset premium increases and preserve affordability for unsubsidized consumers. All consumers in the individual market are expected to continue to benefit from increased stability due to an expectation that overall membership in the single risk pool would continue to increase due to lower premium rates."

State Issues

New York

Regulatory

Managed Care Organization Tax Update

On Friday, November 14, CMS issued guidance in regards to the MCO tax and the provisions set forth in the One Big Beautiful Bill Act.

Why this matters: CMS is granting a transition period for states that implemented a tax less than two years ago, which includes New York. The transition period will run until the end of the applicable state's fiscal year ending in calendar year 2026, which for New York is March 31, 2026.

New York has not yet responded nor issued guidance stemming from CMS' decision, but we anticipate the state will want to allow the tax to continue until CMS' deadline opposed to ending at the end of 2025.

State Issues

Pennsylvania

Legislative

State Budget Finalized

On November 12, the Pennsylvania House and Senate took a series of votes to finalize the budget for the 2025-26 fiscal year, following an impasse that lasted over four months past the June 30 deadline.

The budget deal passed 156–47 in the House and 40–9 in the Senate. The fiscal code, which includes many of the policies passed as part of the overall agreement, as well as instructions for allocating funding provided in the budget bill passed 189-14 in the House and 43-6 in the Senate.

Senate Bill 160, the General Appropriations Act for FY 2025-26, creates a $50.1 billion budget.
Highlights of the budget include:

- A $100 million transfer from the Joint Underwriters Association to the General Fund
- $100 million for school safety and mental health grants
- A $747 million increase for the MA Managed Care Program
- Spends $1.4 billion less than Gov. Shapiro's proposed budget in February
- Leaves the General Fund with a $200 million projected remaining balance at the end of the fiscal year
- Does not use any money from the Rainy Day Fund, which currently has a balance of $7.5 billion

House Bill 416, the Fiscal Code, authorized the expenditure of funds in the budget and included provisions which would establish the Rural Health Transformation program under the Department of Human Services. This program will be charged with distributing funding and implementing a rural health transformation plan for health-related activities in accordance with the federally approved application.

House Bill 749, the Human Services Code:

- Requires the Department of Human Services to study the feasibility of a brokerage model to provide Nonemergency Medical Transportation Services.

- Eliminates the temporary suspension of Medicaid, for a period of not more than two years, for incarcerated individuals in a correctional institute. To comply with the federal Consolidated Appropriations Act of 2024, Medicaid will be suspended during the length of an individual's incarceration.
- Abrogates regulatory requirements for the payment of outpatient behavioral health services, which restricts Medical Assistance reimbursement for behavioral health services delivered outside the physical premises of a licensed outpatient clinic.

Senate Bill 731, the State Lottery Law, was not passed yet but it is expected that it will pass when the House and Senate return to session this week. The bill in its current form has been agreed to by both chambers and Governor Shaprio's office. **Included in the legislation are:**

- An extension of the moratorium on individuals becoming ineligible for the PACE/PACENET pharmaceutical support programs solely due to a Social Security cost-of-living adjustment.
- An increase of the annual income for eligibility for the PACENET program from $33,500 to $45,000 for a single person and from $41,500 to $55,000 for a married couple.

Key Tax Changes

- Maintains the current phase-down schedule of the Corporate Net Income Tax (CNI), from 7.99 percent to 7.49 percent in 2026. The rate remains on track to be reduced from 9.99 percent down to 4.99 percent by 2031.

- Maintains the improvements to Pennsylvania's treatment of Net Operating Losses moving forward which was enacted as part of last year's budget. Current law gradually increases the amount companies are able to deduct using losses incurred after Jan. 1, 2025, from the previous cap of 40 percent up to 80 percent in 2029. Net Operating Losses incurred prior to Jan. 1, 2025 may still be used to offset tax liabilities by up to 40 percent.

- Decouples from pro-growth tax provisions that were enacted by Congress earlier this year for state Corporate Net Income Tax (CNIT) purposes. Specifically, Pennsylvania's tax code will now not follow federal law in the following ways:

    - Immediate expensing of research and experimentation (R&E) expenditures. Companies will be required to continue to amortize R&E expenditures over 5 years.
    - Immediate expensing of qualified production property.
    - The deduction for business interest expenses to include depreciation and amortization.

- Extends the sunset of the $1.95 9-1-1 surcharge on phone lines to February 1, 2029.

K-12 Education

- Adds **$872 million** in new K-12 public education funding. This includes:

    - **$105 million** increase in Basic Education Funding;
    - **$40 million** increase in special education spending; and
    - **$562 million** increase in the adequacy line through the Ready-to-Learn Block Grant.

- Eliminates the **$100 million** in cyber charter transition reimbursement and makes additional cuts to the formula rate.
- Increases the allocation for the Educational Improvement Tax Credit by $50 million, from $540 million to $590 million, with the entire increase directed to scholarships for students attending economically disadvantaged schools.
- Enacts new early literacy requirements in all schools beginning in the 2027-2028 school year to screen K-3 students for reading competency three times per year using a universal screener: ensuring early identification, intervention, and parental engagement to support student reading success
- No increase in funding for Career & Technical Education.
- Allows individuals with a superintendent's letter of eligibility to serve as a CTE director if they meet certain experience or education requirements.

Higher Education

- Does not provide a funding increase for Community Colleges, Pitt, and Penn State.
- $57.5 million between 24/25 and 25/26 for the Grow PA Tuition Waiver, previously named the Grow PA Scholarship program.
- Provides a 3 percent increase in PHEAA Grants for Students
- 5 percent increase for Thaddeus Stevens, Pennsylvania College of Technology, and Lincoln University. 1 percent increase to the State System of Higher Education.

Legislative Update

The House Health Committee will be holding a voting meeting on Tuesday to consider a package of bills expanding the Newborn Child Screening and Follow Up Program under the Department of Health to include Gaucher Disease as well as Duchenne Muscular Dystrophy. Additionally, they will consider House Bill 1043, which would update the School Code to allow for new types of epinephrine delivery systems to be used in public schools.

On Wednesday, the House Aging & Older Adult Services Committee will be holding a public hearing on House Bill 1670, Representative Hanbridge's legislation mandating the coverage of hearing aids. No vote on the legislation has been scheduled by the committee.

After both chambers adjourn on Wednesday, they will be in recess until they return on December 8, with the Senate holding a 3-day voting session and the House returning for a 3-day non-voting session.

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/.**