

Dear ACH Members:

We hope you are all well and enjoying the start of spring! In DC, we've been experiencing quite a bit of rainy days and gray skies, but as they say, April showers bring May flowers. While March has come and gone, March Madness continues—and our resident Iowan, Molly Grady, invites you to join her in rooting for [Caitlin Clark and the Iowa Women's Basketball team this weekend!](#)

In case you missed it: We hosted our most recent members-only **Emerging Issues Webinar** this week, which was focused on the increasing population of older adults and how FQHCs can prepare to care for this “silver wave.” It generated a lot of great discussion! Check out the recording [here](#) or in the [ACH members-only portal](#).

Please also see attached calendar invites for the next three **ACH Members-Only Virtual Office Hours** sessions, which give members a nice opportunity to speak with ACH staff in an informal setting about anything you'd like more information on. The next three office hours are at 12-1pm ET on April 24, May 29, and June 26.

Please keep reading for additional updates on our activities in Washington and other relevant policy news.

### **The Latest News from DC**

The House and Senate are in recess, and the last week on the Hill has been relatively quiet after a seemingly never-ending “hurry up and wait” government funding battle. That said, while [President Biden and Sen. Bernie Sanders \(D-NH\) temporarily set aside their legislative differences to celebrate their victory in lowering the cost of inhalers](#), the House remains as volatile as ever.

Recently, after announcing she would not seek reelection, [Rep. Kay Granger \(R-TX\) announced she would be stepping down as chair of the powerful House Appropriations Committee](#). [Rep. Tom Cole \(R-OK\)](#) & [Rep. Robert Aderholt \(R-AL\)](#) are in contention to take over the gavel. [Rep. Annie Kuster \(D-NH\) also announced her impending retirement](#), and Rep. Marjorie Taylor Greene (R-GA) filed [a motion to vacate the Speaker \(Mike Johnson, R-LA\)](#) - the same legislative maneuver that caused Rep. Kevin McCarthy (R-CA) to lose the Speakership (although it remains unclear if the House will act on the motion). There also remains continued intraparty and partisan disagreements regarding supplemental funding for Ukraine and Israel. Courtesy of Punchbowl News, this recess can be succinctly described as: [“Congress leaves town with everyone mad.”](#)

**Finally, we have some great news from HRSA to share.** Today, the U.S. Department of Health and Human Services (HHS), through the Health Resources and Services Administration (HRSA), [announced](#) that it would **increase loan repayment amounts by 50% for primary care providers who commit to practicing in high need and rural areas**, and will provide additional loan repayment to primary care providers who commit to serve in shortage areas and demonstrate fluency in Spanish. Please see the HRSA section below for more information.

**ICYMI**

- April is [National Minority Health Month!](#) More information on the HHS website [here](#).
- [“The CMS Innovation Center’s Strategy to Support Person-centered, Value-based Specialty Care: 2024 Update,”](#) *Health Affairs*
- [Community Health Centers and Value-Based Payment](#), Issue Brief from the UPenn Leonard Davis Institute of Health Economics
- [CBO Score For The Bipartisan Primary Care And Health Workforce Act Recognizes The Value Of Primary Care Health Investments](#) for the first time, *Health Affairs*; (Link to [CBO Report](#))

## Updates on ACH Priorities and Legislation

### CHC Invest

On March 4th, as part of a continuing resolution to fund parts of the government through the end of the year, Congress reauthorized the Community Health Center Fund with a 10% increase through December 31, 2024 with broad bipartisan support. The National Health Service Corps (NHSC) and Teaching Health Center Graduate Medical Education Program (THCGME) also received funding increases through the end of the year. [ACH commends Congressional leaders for coming together to pass this crucial legislation](#) but continues to advocate for long-term, increased, and sustainable funding. We anticipate the next opportunity to reauthorize the Community Health Center Fund at a higher level and for a longer period will be after the November elections.

On March 11th, [President Biden released his FY2025 budget proposal](#), which included increased funding for the Health Center Program (Section 330), THCGME, NHSC, and Medicare mental health benefits (additional information is detailed below). In particular, the budget included “a plan to create a pathway to **double the federal investment in the community health center program** to ensure that it can reach over 37 million people in need of and struggling to access primary care.” HHS released further details in its [FY2025 Budget in Brief](#), and [ACH provided a detailed breakdown of the proposals of interest to ACH members](#). As a reminder, the President’s Budget is nonbinding and serves as a statement of President Biden’s priorities and values.

ACH’s CEO Amanda Pears Kelly was recently interviewed by Michael McAuliff from *Modern Healthcare* about the federal budget process and rural CHC funding and was quoted yesterday in an article entitled, [“The federal budget process is a mess. These providers pay the price.”](#)

“It’s kind of disgraceful, honestly, at this point, and irresponsible,” said Amanda Pears Kelly, the CEO of Advocates for Community Health, which represents federally qualified health centers. “How do you operate a small business — or a large business for that matter, it doesn’t really matter the size — when you don’t have financial solvency for more than six to nine months at a time?”

“The consequences for community health centers and many other healthcare providers that depend on federal payments can include shutting down. Small rural hospitals are especially at risk when payments are delayed or shrink unexpectedly,” the article reports. [Read the full story on Modern Healthcare](#).

## **340B/C:**

**ASAP 340B:** As we discussed in our last update, we have been hearing that the [ASAP 340B](#) legislation could be introduced at any time. The legislative text has still not yet been made public or available, but we will continue to monitor the bill's progress and keep you posted.

**340B Gang of 6 Discussion Draft:** In February, the [Senate's bipartisan 340B working group released a legislative discussion draft](#) designed to reform the 340B program. This is the first viable federal full-scale reform effort for the 340B program that we have seen in years, and ACH is encouraged by this progress that could benefit community health centers. In response, [ACH issued a statement](#) applauding the group's efforts and [submitted comments to the Senate 340B Working Group's discussion draft Request for Information](#) this week.

**340B PATIENTS Act:** On March 12<sup>th</sup>, Rep. Doris Matsui (D-CA) introduced the [340B Pharmaceutical Access To Invest in Essential, Needed Treatments & Support Act of 2024 \(340B PATIENTS Act, H.R. 7635\)](#). **Advocates for Community Health has endorsed this legislation.** This act would codify covered entities' ability to use contract pharmacy arrangements to dispense covered outpatient drugs. [The legislation](#) supported by the AAMC, the American Hospital Association, 340B Health, and others would impose civil monetary penalties on pharmaceutical manufacturers found to violate these statutory protections.

**Arkansas Contract Pharmacy Ruling:** In mid-March, the U.S. Court of Appeals for the Eighth Circuit [upheld an Arkansas law](#) prohibiting drugmakers from restricting 340B drug discounts for providers using contract pharmacies, potentially setting up other states to pass similar legislation. [The American Hospital Association \(AHA\) is encouraging all states to follow Arkansas' lead. So far, more than 20 states are considering such legislation.](#)

**Pharma Response:** [AstraZeneca is seeking to block an Arkansas law that prohibits manufacturers from placing restrictions on pharmacies that take part in a federal drug discount program.](#) The manufacturer's complaint, filed in the U.S. District Court for the Eastern District of Arkansas, alleged the state's 340B Drug Pricing Nondiscrimination Act would require AstraZeneca PLC to provide drugs to "any and all pharmacies," which would include pharmacy chains not part of the drug discount program, such as CVS and Walgreens.

**340C:** ACH continues to advocate on behalf of our 340C proposal, holding ongoing conversations with members, staff, and external stakeholders. Last year, ACH sent a [stakeholder letter](#) to the leadership of the Senate HELP and House Energy and Commerce Committees outlining the challenges health centers face in the 340B program and recommending [340C as a solution](#). The letter includes signatures from 104 national, state, and local organizations representing 25 states and DC and Puerto Rico.

ACH will continue to advocate urgently for policies to address the actions that are chipping away at the 340B program. [More information can be found here.](#)

## **Value-Based Care:**

The VBC Working Group continued providing feedback for the new Transforming Maternal Health ([TMaH](#)) Model, a 10-year model that will support participating state Medicaid agencies (SMAs) in the development of a whole-person approach to pregnancy, childbirth, and postpartum care that addresses the physical, mental health, and social needs during pregnancy.

Meanwhile, ACH is working diligently to prepare for the last VBC Learning Collaborative April Session, which will focus on VBC infrastructure and rural health.

**Increasing Investments in Person-Centered Primary Care:** As a reminder, the CMS Innovation Center announced the new “ACO Primary Care Flex Model,” a 5-year voluntary model that aims to improve access to high-quality primary care for underserved Medicare populations. The Innovation Center will test this model for new and existing ACOs who jointly participate in this model and the Medicare Shared Savings Program. ACOs will receive a flexible one-time \$250k Advanced Share payment to invest in infrastructure and other resources. A monthly Prospective Primary Care Payment (PPCP) will replace most primary care FFS reimbursements. FQHCs receive beneficiary-level adjustments to accommodate rural and FQHC payments. CMS hopes to select about 130 ACOs for participation. Read ACH’s statement [here](#) in support of this initiative. For additional information about the ACO Primary Care flex model, please see these resources: [Press Release](#), [Fact Sheet and Timeline](#), [FAQs](#)

### **Health Equity:**

ACH continues to promote Rep. Yvette Clarke (D-NY)’s [Health Center Community Transformation Hub Act](#), HR 1072, on the Hill. ACH has reached out to Republican members of the House Energy and Commerce Committee to encourage bipartisan co-sponsorship and build support behind the bill. Following ACH’s Hill Day, we secured a handful of new co-sponsors and will continue working with Rep. Clarke’s office to advance the bill.

The 2024 **CMS Health Equity Conference** on May 29 - 30 has reached in-person capacity, but you can [register to attend virtually](#). This year’s theme is “Sustaining Health Equity Through Action” and will align with the priority areas of the [CMS Framework for Health Equity 2022-2032](#).

**\*Funding Opportunity\*** Genentech has opened its application for submissions for its 2024 [Health Equity Innovation Fund](#), awarding \$10M+ in grant funding to 10+ grantee partners working to close racial/ethnic inequities in access to healthcare and promoting a diverse and inclusive healthcare workforce. [RFP submissions are due April 15, 2024](#).

**Black Maternal Health Week Campaign:** Black Maternal Health Week (April 11-17) is an opportunity to raise awareness and take action to improve the health of Black women. Please see HRSA’s [toolkit](#) to spread the word and share your work and accomplishments.

### **FQHC Workforce:**

Rep. Raul Ruiz (D-CA) officially agreed to be the lead sponsor of the *Developing the Community Health Workforce Act*. Pending a handful of district events and locking down a Republican cosponsor, we are excited to announce that we anticipate this bill being introduced in the coming months!

ACH continues to recommend at least \$950 million in FY25 for the National Health Service Corps (NHSC), which was also included in the Primary Care and Health Workforce proposal ([Section 103 National Health Service Corps](#)). We also support the *Restoring America’s Health Care Workforce and Readiness Act*, S. 862, a three-year reauthorization introduced by Senators Dick Durbin (D-IL) and Marco Rubio (R-FL) for the NHSC that would double the mandatory funding from \$310 million to \$625 million in FY24 and increase to \$825 million in

FY26. For the Teaching Health Centers Program, ACH recommends an investment of at least \$300 million for FY25.

### **Emergency Preparedness:**

ACH continues to work with Rep. Nanette Barragan (D-CA) on the *Emergency Preparedness for Underserved Populations Act* to create a fund that will help health centers prepare for pandemics, natural disasters, and other emergencies and is working to identify a Republican lead co-sponsor. The working group met last week to discuss the current landscape of PAHPA, spending packages, and emergency preparedness resources. The group is reviewing the 2024 policy agenda to see if there are any additional priorities to add for 2025.

## **Other News from Across the Federal Government**

### **The White House**

**Artificial Intelligence:** The Office of Management and Budget (OMB) issued its [first government-wide policy](#) to mitigate risks of AI and harness its benefits – delivering on a core component of President Biden’s [landmark AI Executive Order](#). The Order directed sweeping action to strengthen AI safety and security, protect Americans’ privacy, advance equity and civil rights, stand up for consumers and workers, promote innovation and competition, advance American leadership around the world, and more. OMB also issued an [RFI](#) on March 29 to inform future action governing the responsible procurement of AI under federal contracts.

**Head Start:** On March 23, President Biden signed into law provisions giving [Head Start](#) programs additional flexibility to serve children in Tribal communities and children of farmworkers. The new policies are effective immediately.

### **Department of Health and Human Services**

**Federal Health IT Strategic Plan:** On Wednesday, March 27, HHS through the Office of the National Coordinator for Health Information Technology, released the [draft 2024–2030 Federal Health IT Strategic Plan](#). The draft outlines federal health IT goals that are focused on improving access to health data. Public comments are due May 28.

**IRA Implementation:** Another batch of Medicare Part B drugs will have their coinsurance rates lowered from April 1 through June 30 of this year due to an *Inflation Reduction Act* policy that requires drug makers to pay back the federal program when prices are raised faster than the inflation rate. Some seniors who use the affected 41 drugs during that time period may save between \$1 and \$3,575 per average dose, depending on their personal coverage. More information is available [here](#) on the Medicare Prescription Drug Inflation Rebate Program.

### **Health Resources and Services Administration**

**State of Nursing Workforce:** HRSA held a roundtable discussion on the newly released [findings](#) of the [National Sample Survey of Registered Nurses](#) — the first comprehensive federal survey of nurses since the onset of the COVID-19 pandemic in the U.S. The survey [snapshot](#) provides general demographics and workforce projections. Unfortunately, the survey also shows that 26% of RNs said they felt burnout every day in 2021.



**Increased Loan Repayment:** According to an [announcement](#) today, HRSA has raised the [loan repayment offer](#) for primary care professionals including physicians like OB-GYNs and pediatricians, nurse practitioners, midwives, and physician assistants by 50% if they commit to work in areas in need of primary care providers. Providers could have a potential loan forgiveness of up to \$75,000 for a two-year commitment. HRSA is also providing an additional incentive of up to \$5,000 for those in the National Health Service Corps Loan Repayment Program who are fluent in Spanish and agree to serve in areas where this linguistic skill can significantly benefit patients with limited English proficiency, emphasizing the importance of cultural and linguistic competence in health care. [More information can be found here.](#)

## **Centers for Medicaid and Medicare Services**

**Medicaid Unwinding:** According to the [KFF Tracker](#), as of April 4, for states with available data, about 19.6 million people have been disenrolled from Medicaid, and 42.3 million have had their coverage renewed. Of those who have been enrolled, 69% were terminated for procedural reasons. Of those who had coverage renewed, 60% retained Medicaid coverage through ex-parte processes compared to 40% retaining coverage through renewal forms. Among states reporting age data, at least 3,427,000 children had been disenrolled out of 9,294,000 total disenrollments in the 21 states.

**Rate Hikes:** Under proposals released by the Biden administration, nursing homes, hospice providers, and inpatient psychiatric facilities would all see Medicare pay hikes next year. [Hospice providers would receive an additional \\$705 million in Medicare payments](#) in FY 2025, representing a 2.6% boost in the payment rate, while nursing homes would receive [an additional \\$196.5 million as part of a proposed 4.1% rate increase.](#)

**Streamlining Enrollment:** On March 28, [CMS finalized additional actions it is taking to help people maintain coverage as states continue Medicaid and Children's Health Insurance Program \(CHIP\) eligibility renewals.](#) These renewals restarted across the country last spring following a pause during the COVID-19 pandemic. Actions include prohibiting states from conducting renewals more than every 12 months and eliminating waiting periods for CHIP coverage. ACH submitted a [comment of support](#) in the Fall of 2022.

**Medicare Advantage Rates:** This week, [CMS finalized CY 2025 Rates for Medicare Advantage and Part D Programs.](#) CMS estimates MA plans will see an average of 3.7% increase, or over \$16 billion, from 2024 to 2025.

**“Junk” Health Plans:** On March 28, the Departments of Health and Human Services, Labor, and the Treasury released the [Short-Term, Limited-Duration Insurance and Independent, Non-Coordinated Excepted Benefits Coverage, or “Junk Insurance,” Final Rules.](#) This will ensure that consumers are protected from sales of insurance plans that do not conform to ACA marketplace requirements, including coverage of essential health benefits and coverage regardless of pre-existing condition. The Trump Administration had relaxed the rules around barebones “short-term, limited duration” plans, making them renewable and allowing them to last up to 364 days per year, causing confusion for consumers and undermining the health insurance marketplaces.

## **Cybersecurity**

**Congressional Action:** Top lawmakers are demanding federal agencies dramatically strengthen cybersecurity measures for the healthcare industry in the wake of the massive

Change Healthcare ransomware attack that disrupted medical claims processing for millions of Americans.

- **Rep. Peters Request:** Senate Homeland Security and Governmental Affairs Chair Gary Peters (D-MI) is [calling on HHS and the Cybersecurity and Infrastructure Security Agency](#) to provide expanded cybersecurity guidance, aggressive public outreach efforts, and enforceable standards to compel health care providers to improve their cyber defenses rapidly. Peters wants to see HHS publish enforceable minimum cyber standards for health care, potentially tied to CMS requirements, to support facilities most at risk of attack.
- **Sen. Cassidy Probes:** The top Republican on the Senate Health, Education, Labor and Pensions Committee, Sen. Bill Cassidy, M.D. (R-LA), is criticizing HHS after hackers are said to have stolen \$7.5 million from the agency's grant system — saying the agency failed to notify Congress about the breach. On March 25, in a [letter](#) to HHS Secretary Xavier Becerra, Cassidy questioned the agency's cybersecurity readiness and knocked its "lack of transparency" around the incident, which wasn't publicly disclosed and affected programs serving vulnerable populations. On March 21, Senator Cassidy joined with Senator Tommy Tuberville (R-AL) [in sending a letter to HHS](#) urging the Department to provide additional information on how it has responded to the recent cyberattack on Change Healthcare that has wreaked havoc on patients and health care providers.
- **Rep. Raskin Letter:** The top Democrat on the House Committee on Oversight and Accountability is pressing UnitedHealth Group for details on the cyberattack at Change Healthcare. In a [letter](#) sent to UnitedHealth CEO Andrew Witty, Rep. Jamie Raskin (D-MD) asked for details regarding what data may have been exposed, what policies or procedures were in place to prevent an attack and details about the company's financial assistance program for providers.
- **Proposed Rule:** The Cybersecurity and Infrastructure Security Agency has [proposed a new rule](#) that would require large hospitals and certain medical manufacturers to report hacks to the government within 72 hours and ransom payments within 24 hours. Health care entities would be required to report attacks that lead to a substantial loss of an entity's information system, a disruption of its ability to engage in operations, unauthorized access to an information system or a serious impact on the safety or resiliency of a system's operations.

### In the States

- **New York:** Legislators have yet to reach an agreement with the Hochul administration [on a new \\$4 billion tax on managed care organizations](#). The fate of the proposal will almost singlehandedly determine the direction of Medicaid reimbursement rates and the extent of state support for financially distressed providers. Proposals being considered that increase rates for hospitals more than other providers have been a particularly bitter pill for community health centers. Last year's record Medicaid rate increase, frequently touted by Governor Hochul as she resists another hike this year, benefited hospitals and long-term care facilities but left out other providers, including community health centers.

### Upcoming Events of Interest:

- **April 24:** [ACH Members-Only Office Hours](#), 12:00 - 1:00 (EST), Virtual
- **May 29-31:** [The Healthcare Innovation Congress](#), thINc360, *Washington, DC*
- **May 29:** [ACH Members-Only Office Hours](#) 12:00 - 1:00 (EST), Virtual
- **June 5:** **ACH Emerging Issues Webinar:** FQHCs and Maternal Health; Save the Date additional details TBA
- **June 26:** [ACH Members-Only Office Hours](#) 12:00 - 1:00 (EST), Virtual
- **September 9-11:** National Academy for State Health Policy: [NASHP Annual Conference](#), *Nashville, TN*

#### Other ACH Member Resources:

- On ACH's [Members-Only Portal](#) (enter password: **ACHMember**), you will find:
  - [Government grant opportunities](#)
  - [Event recordings](#) and resources
  - [Newsletter archives and policy updates](#),
  - [2024 Policy Agenda](#)
  - [Grassroots Advocacy Resources](#)