#### Dear ACH Member.

We have officially entered the first days of the second Trump Administration, and, with any new Administration, we can expect the next several months to be filled with the many challenges and opportunities that come with implementing new policy priorities and legislative agendas. We will keep ACH members informed as these changes take shape and opportunities arise, and we look forward to continuing working to protect and advance ACH's policy priorities.

Yesterday, ACH hosted a well-attended webinar to review our updated policy priorities and how we plan to advocate for health centers and the patients they serve in 2025. If you missed it, you can <u>watch the webinar</u> and <u>download the slides</u>.

Please join ACH staff on January 29th at 12:00 PM (ET) for a special Members Only Office Hours to learn more about the changes to the HRSA Scope of Project Policy Manual and provide feedback on how these changes might impact your health center to inform ACH's comments. There is no need to preregister for Office Hours - simply join us the day of using this link.

This is a friendly reminder to **register for our upcoming** 2025 Annual Member Meeting in Washington, DC, from March 25 - March 27, 2025. Please register by February 28 to take advantage of our early bird discount and book your hotel accommodations by March 3. Reserving your room by this date will allow you to take advantage of our special discounted rate. You can make your reservation by visiting the Royal Sonesta Dupont Circle Hotel's website or calling 202-448-1800 and mentioning "ACH Annual Member Meeting."

Please read on for additional legislative and policy updates.

#### The Latest From DC

Nothing grips Washington more than a shift in power, and this town is very much gripped. Sworn in on Monday, President Trump is promising a dramatic realignment of our politics. Meanwhile, Republicans have control of both chambers of Congress – with only the Senate filibuster standing in the way of GOP policy domination. Still, challenges abound. The Republican majority in the House is historically tight – made more so by a few members leaving for administration posts – and key agenda items, primarily tax reform, will be far from easy to pass. As the great Yogi Berra once said: "It's tough to make predictions, especially about the future." But one thing we can predict: it is going to be a very eventful four years.

On the first day of his second term, President Trump issued a slew of executive orders on topics ranging from immigration, energy policy, health care and government reform. Regarding health care, Mr. Trump withdrew the United States from the World Health Organization and revoked several health care executive orders that had been issued by former President Biden, including 14009, which aimed to strengthen Medicaid and the Affordable Care Act, plus follow-up order 14070 to increase access to affordable health care; 14087, which directed Medicare's innovation center to test ways to lower drug costs; and 14099, which revoked the Covid-19 vaccination mandate for federal workers. On the government reform front, President Trump is rescinding Biden-era DEI policies which will make it easier to fire federal employees and bring back the "Schedule F" classification (which rolls back civil service protections). He also promised broad new tariffs on imported goods, although the details on that remain scant.

Of note for community health centers, a particular Executive Order entitled "<u>Defending Women From Gender Ideology Extremism and Restoring Biological Truth to the Federal Government</u>." Section 3(g) reads: "Federal funds shall not be used to promote gender ideology. Each agency shall assess grant conditions and grantee preferences and ensure grant funds do not promote gender ideology." While nothing is definite until the agencies issue official guidance, **this could impact CHCs' ability to use grant funds for gender-affirming care**. We will be sure to pass along additional information as we learn more. (Many thanks to Colleen Meiman for flagging this!)

In addition, the Trump Administration officially rescinded the Sensitive Locations policy, effective Tuesday. Since 2011, this policy has prevented immigration officials from taking enforcement actions at health care settings, as well as other "sensitive" settings such as houses of worship, schools, weddings, and funerals. As a result, it is now possible that ICE or other law officers could show up at any of these locations – including CHCs – with an intent to enforce immigration laws. The policy was withdrawn more quietly than expected, with only a brief mention on the Department of Homeland Security's website. This issue has yet to be addressed in an Executive Order.

The Trump administration has also <u>instructed federal health agencies to pause all external communications</u>, such as health advisories, weekly scientific reports, updates to websites and social media posts, according to nearly a dozen current and former officials and other people familiar with the matter. The instructions were delivered Tuesday to staff at agencies inside the Department of Health and Human Services, including officials at the Food and Drug Administration, the Centers for Disease Control and Prevention and National Institutes of Health, one day after the new administration took office.

Lastly, the Trump administration on Tuesday <u>ordered that officials overseeing diversity, equity and inclusion efforts across federal agencies be placed on leave and to take steps to close their offices by Wednesday evening. In a memo from the Office of Personnel Management, the heads of departments and agencies were ordered to purge such officials by placing all DEI staff on paid administrative leave, effective immediately, by 5:00 PM Wednesday, and to make plans for staff reductions by the end of the day on Jan. 31.</u>

The End of President Biden's Term: On January 15th, after nearly 50 years in public office, President Biden delivered a <u>farewell</u> address to the nation, a <u>precedent set by George Washington</u> in 1796 to encourage a peaceful transfer of power.

**Congress:** The House and Senate are both in session. Last week, other than the politically charged, immigration-focused <u>Lakin</u> <u>Riley bill</u>, the primary focus was preparing for the incoming administration via <u>confirmation hearings</u> and preparing legislative strategies for the 119th Congress.

This week, we're beginning to see that preparation come to light as the Senate confirmed Marco Rubio as Secretary of State on the first day of Trump's Administration. Robert F. Kennedy Jr.'s confirmation hearing for the Secretary of Health and Human Services position has yet to be scheduled, and he continues to face scrutiny among Democrats and key Republicans, including Senators Bill Cassidy (R-LA) and Mitch McConnell (R-KY). We will be keeping a close eye on new developments as his confirmation process continues.

In the first 100 days, Speaker Johnson and Senate Majority Leader Thune hope to address major pieces of Trump's agenda, including border security and energy measures and a major tax package. As part of this, Republicans on the Hill face the daunting challenge of passing tax cuts plus health care, immigration, and energy reforms using the "reconciliation" process – which allows for a 50-vote threshold in the Senate so long as certain procedural hurdles are met. There will be much more to say on this in the coming weeks, but we note for now that the House GOP leadership released a timeline for consideration of a Budget Resolution – which is the first step, and a precondition, for moving on a reconciliation bill. That timeline anticipates passing the resolution in the House during the week of February 10, the Senate moving the following week and then final passage during the week of February 24. This is an aggressive timeline, but doable if Republicans can remain on the same page – which is one of the big "ifs" hanging over Washington.

# Updates on ACH Priorities and Legislation Financial Sustainability for the Health Center Program

- Just before the December 20th discretionary funding deadline, <u>Congress released its proposed funding package</u>, which included a two-year mandatory funding extension for the Community Health Center Fund, funding CHCs at a rate of \$4.5 billion for FY25 and \$4.6 billion for FY26. The legislation also extended mandatory funding for the National Health Service Corps (NHSC) at \$350 million per year for two years and increased Teaching Health Centers Graduate Medical Education (THCGME) funding to \$300 million per year incrementally over five years. **Unfortunately, the bipartisan, bicameral deal** (that ACH supported) fell apart at the 11th hour when President-elect Trump and Elon Musk came out, publicly against the bill. Instead, President Biden signed a three-month continuing resolution (CR), the American Relief Act of 2025 (HR10515) into law. This CR extended funding at FY 2024 levels for all 12 annual discretionary spending bills, including the Labor, Health and Human Services, and Education bill, which provides funding for community health centers, through March 14th, 2025.
   The CR also extended the CHC Fund through March 31, 2025 at an annualized rate of \$4.3 billion/year. Telehealth flexibilities and flat funding for the THCGME and NHSC programs have also been funded through that date.
- Earlier this month, new Chair of the Health Subcommittee on Energy and Commerce Rep. Buddy Carter (R-GA) told POLITICO he hopes to "rush through" the health care package that contained the two-year authorization of the Community

Health Center Fund, among other provisions, suggesting it might be part of the reconciliation package. We will be sure to keep you posted as we learn more.

#### Medicaid

- Plans are underway to incorporate Medicaid policy into the upcoming reconciliation package, specifically policies that cut
  funding for the program. This is obviously concerning for community health centers, as Medicaid is the largest revenue
  source for health centers and the program ensures that 51% of health center patients have the health insurance coverage
  they need.
- Medicaid has long been a focus of Republican majorities and was a key area of interest during Affordable Care Act repeal
  and replace efforts in 2017 and 2018. <u>Project 2025</u>, the go-to conservative roadmap, calls the program a burden on states
  and calls for significant reductions in funding. Key players in the incoming Administration, including Elon Musk and many
  conservative members of Congress, echo these criticisms and have already begun advocating for action to reduce funding for
  the Medicaid program in the 119<sup>th</sup> Congress.
- ACH has developed a strategic advocacy plan to address potential action to cut funding for and limit eligibility for the
  Medicaid program, which we plan to roll out in the coming weeks. For more information on potential action on Medicaid policy,
  see Medicaid Threats in the Upcoming Congress from the Center on Budget and Policy Priorities.
- Medicaid Advocacy Underway: Liberal lawmakers and advocates are moving to shield the Medicaid program from potential cuts under the Trump administration, pledging to resist major changes to the safety-net health program that more than 70 million Americans depend on for coverage. Protect Our Care, an advocacy group aligned with Democrats, on Tuesday launched a \$10 million "Hands Off Medicaid" campaign that highlights how the program helps protect Americans who are older, disabled or low-income, among other vulnerable populations.
- Republicans from swing states and districts are ducking questions about their openness to cutting Medicaid in order to help
  pay for an extension of President Trump's tax cuts. Republican leadership can lose only a handful of votes, making cuts to
  the safety net program a high-stakes loyalty test that could deliver an early legislative win but result in millions of people
  losing their health coverage.

#### 340B Reform

- SUSTAIN: While it remains true that the <u>SUSTAIN 340B Act</u> has been stalled, we have heard rumors that there is an ongoing effort to identify new champions in the Gang of Six 340B working group. As you know, Senators Ben Cardin (D-MD) and Debbie Stabenow (D-MI) retired at the end of the last Congress, and Majority Leader Thune will have to step back to focus on his leadership position. We remain confident that we will be able to work with leadership in the House and Senate to include policies that support health centers in any future 340B reform efforts this Congress considers.
- **E&C Health Chair on 340B:** Last week, Rep. Buddy Carter (R-GA), Chairman of the House Energy and Commerce Subcommittee on Health, <u>tweeted</u> a New York Times article, <u>"How a Company Makes Millions Off a Hospital Program Meant to Help the Poor,"</u> with a message that the 340B program is intended to be a safety net for patients. This is the newest indication that some type of 340B reform may be considered by the House in the 119th Congress.
- The New York Times article focuses on Apexus, the 340B Prime Vendor that operates as the T&TA arm of HRSA's 340B office, but also makes several general accusations against the program.
- Senate HELP Committee Chair on 340B: Senator Bill Cassidy, M.D. (R-LA), now holds the Chairman's gavel on the Senate HELP Committee. While Sen. Cassidy, <u>a 340B critic</u>, has had reform in his sights for a long time, his reform priorities differ from those proposed by soon-to-be Majority Leader Thune.
- As a reminder, Cassidy led several 340B investigations in 2023 and 2024, requesting information about 340B operations from
   hospitals, health centers, major contract pharmacies, and drugmakers. He still needs to release a report of his findings, but
   his office has told us there is no planned timing to do so, although we are hearing rumors it could come out any day. DC law
   firm Nelson Mullins provides a helpful summary of what we can expect from a Cassidy-led HELP Committee with regards to
   the 340B program.
- Rebate Models: Last week, Novartis became the fifth manufacturer to sue HRSA for the agency's refusal to approve implementing a 340B rebate model. They join Sanofi, Johnson & Johnson, Eli Lilly, and Bristol-Myers Squibb to sue HRSA over a rebate model. It's unclear where the Trump Administration will stand on 340B rebates, and his nominee for Secretary of Health and Human Services, RFK Jr., has not yet taken a position on the issue. Earlier this summer, <a href="mailto:nearly\_200 Members\_nearly\_200 M

New York Times Article on 340B and CHCs: The New York Times published a second article about 340B last week,
focusing on how drops in the sticker price for insulin have impacted CHCs and their low-income patients. The article explains
how lower "sticker prices" caused 340B prices for insulin to skyrocket last year, and how this has affected community health
center patients and operations.

# Value-Based Care / Payment Reform

As a reminder, <u>ACH has compiled an extensive list of VBC materials and resources exclusively for our members</u>. We hope
you find this helpful, and we look forward to continuing to expand our role and influence in creating value-based care
arrangements that benefit health centers and the patients they serve.

# **Health Equity**

ACH is working with Rep. Yvette Clarke (D-NY) and her staff to re-introduce the <u>Health Center Community Transformation</u>
 <u>Hub Act</u> in the 119th Congress. We are strategizing with consultants and internally about how to best "re-brand" this bill to
 interest a Republican co-sponsor and hope to have a bipartisan version of this bill introduced before the August recess.

#### **FQHC Workforce**

- The ACH-led <u>Developing the Community Health Workforce Act</u>, soon to be introduced by Congressman Raul Ruiz (D-CA),
  has been finalized by the House's Legislative Counsel, and we are actively working to find a Republican co-sponsor. We have
  lots of leads, but please contact <u>Molly Grady</u> if you have a Republican office you are close with that you think might be
  interested in working with us on this bill.
- ACH, in partnership with the Association of Clinicians for the Underserved, is in the early stages of creating a coalition of
  advocacy groups centered solely around policy solutions to address workforce shortages and other workforce issues in rural
  and underserved areas. We expect this coalition to be officially launched in early 2025. We will keep you posted as this
  coalition gets underway.

#### Infrastructure Resilience

- ACH has continued to work with Rep. Nanette Barragan's office (D-CA) to introduce the Emergency Preparedness for
  Underserved Populations Act. We continue to work to identify a Republican co-sponsor and introduce the bill as soon as
  possible.
- On January 14, the Biden Administration released a comprehensive report outlining its actions (both nationally and globally) to combat the COVID-19 pandemic. The report is intended to serve as a roadmap for the U.S. to respond to future pandemics and public health threats. Community Health Centers were specifically mentioned for their critical role in providing comprehensive primary care, bolstering testing and vaccination efforts to medically underserved communities, and expanding access to care through new and innovative telehealth initiatives. Read the full report here.
- Finally, as the California wildfires continue to wreak havoc, <u>health care providers, including community health centers, are leading their communities</u> by offering different supports and services. If these fires impact your communities and/or health centers, please let us know and ACH will do all we can to provide assistance with Congressional and state support.

#### Innovation

President Donald Trump revoked former President Joe Biden's executive order on artificial intelligence Monday. The repeal
isn't likely to have a big impact, but some in the health industry had been worried about future implications of Biden's 2023
executive order, which, among other things, required companies with models trained using enormous computing power to
regularly send detailed reports to federal regulators, regardless of the company's size.

# Other News from Across the Federal Government Congress

• Last week, Senators John Hickenlooper (D-CO), Tom Cotton (R-AR), Peter Welch (D-VT), and Susan Collins (R-ME) reintroduced the <u>Skinny Labels, Big Savings Act</u>. The bill aims to lower drug prices by accelerating the roll-out of generic

- drugs and creating legal protections from lawsuits for generic drug manufacturers who obtain the Food and Drug Administration's (FDA) "skinny label" approval.
- Rep. Vern Buchanan (R-FL), who serves as Ways and Means Committee Vice Chair and Health Subcommittee Chair, introduced legislation to expand non-Affordable Care Act coverage this session, joining Energy & Commerce health subcommittee Chair Buddy Carter (R-GA) and other House Republicans on January 15 in introducing a bill that would rescind a Biden administration rule that limited the duration of short-term plans to no more than three months.

#### **Health and Human Services**

- Affordable Care Act Marketplace Coverage: On January 17th, <u>HHS announced record-breaking coverage through the ACA marketplace</u>. As the open enrollment period ended, more than 24 million consumers had selected health coverage in the ACA marketplace for 2025.
- 2025 Poverty Guidelines: Last week, HHS released a notice <u>updating the HHS poverty guidelines</u>, which account for last calendar year's (2024) price increases as measured by the Consumer Price Index. These guidelines are used as an eligibility criterion by Medicaid and several other Federal programs.

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

- Expanded Hours Funding: On January 14, <u>HRSA announced a \$60 investment to 125 health centers</u> to extend their hours of operation and improve access to health care services. The health centers receiving these funds will add an average of 20 additional hours per week in the mornings, evenings, and weekends to alleviate some of the common barriers and challenges to accessing care during traditional hours of service, such as finding daycare or having to call out of work. Congratulations to the several ACH members who were among the 125 awardees! A full list can be found <a href="here">here</a>.
- Rural PACE Planning & Development: Last week, HRSA issued a Notice of Funding for its new Rural PACE Planning & Development program. Applications for the program's four-year period of performance are open now through April 17. HRSA will make up to four awards, up to \$500,000 per year, to develop a CMS PACE program that serves a HRSA-designated rural area or expands existing PACE programs to cover a HRSA-designated rural area. See additional details <a href="here">here</a>.
- Rural MOMS Program: Applications are now open for HRSA's Rural Maternity and Obstetrics Management Strategies (MOMS) program. This four-year funding opportunity, which will award up to three grants for up to \$1,000,000 per year, is aimed toward establishing collaborative rural obstetric networks to improve access to maternity care services in rural communities. Applications are due by April 22, additional information can be found <a href="here">here</a>.
- Enhancing Maternal Health Initiative: Last week, HRSA Administrator Carole Johnson and Rep. Lauren Underwood (D-IL), co-chair of the Black Maternal Health Caucus, <u>announced new funding opportunities, policy action</u>, and a <u>report</u> detailing the impact of HRSA's year-long "Enhancing Maternal Health Initiative."
- Health Center Program Scope of Project Policy Manual: At the end of 2024, HRSA released a bulletin seeking comments
  on the <u>draft Health Center Program Scope of Project Policy Manual.</u> The manual consolidates and updates the scope of
  project-related policies into a single, user-friendly resource for the first time. ACH plans to comment. Feedback must be
  submitted via the <u>BPHC contact form</u> by midnight, Monday, February 10, 2025
- **Biden Administration Successes:** On January 16, HRSA released a detailed report on the successful results of several Biden-Harris Administration priorities. The report includes increasing access and expanded service hours in primary care, federal investments in maternal and child health care, and initiatives to grow the health care workforce. Read HRSA's Accomplishments report <a href="here">here</a>.

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

- HIV Care for Medicaid and CHIP Beneficiaries: On January 15, CMS and HRSA released a joint <u>Informational Bulletin</u> to state Medicaid agencies providing updated guidance reflecting scientific advancements and opportunities to improve HIV prevention, outcomes, and treatments.
- **Primary Care FLEX ACO Model:** Last week, <u>CMS announced that 24 ACOs will participate in the Primary Care Flex Model</u> for Performance Year 2025. These ACOs cover 37 states and serve beneficiaries across all 50 states. Read additional information and updates for the FLEX model <u>here</u>, and a round-up of CMS' ACO highlights in the Biden-Harris Administration here.
- **New Drugs in Medicare Price Negotiations:** January 17, HHS and CMS announced the selection of 15 additional drugs covered under Medicare Part D negotiations under the Inflation Reduction Act. See the full list of additional drugs here.

- 2026 Benefit & Payment Parameters: On January 13, HHS and CMS issued the final "HHS Notice of Benefit and Payment Parameters for 2026 Payment Notice," setting the standards for Health Insurance Marketplaces, health insurance issuers, brokers, and agents who connect consumers to ACA coverage. Read the full summary of provisions in the rule here.
- MEDPAC: Medicare Payment Advisory Commission (MedPAC) voted to <u>recommend</u> that Congress increase Medicare
  payments to physicians and other providers in 2026 but cut payments to nursing homes, home health agencies, and
  rehabilitation facilities. The suggested payment bump represents a 2.3% projected increase in the Medicare Economic Index
  (MEI). The MEI is a measurement of inflation that reflects physicians' practice costs and general wage levels.

#### **Substance Abuse and Mental Health Services Administration**

Updated National Behavioral Health Crisis Care Guidance: Last week, <u>SAMHSA released a comprehensive set of documents within its "National Behavioral Health Crisis Care Guidance"</u> to support state and local governments in developing and sustaining crisis care systems. These resources also provide a framework to ensure those facing a behavioral health crisis have timely access to appropriate care.

# Food and Drug Administration

• Cancer-Linked Red Dye Ban: US health officials have banned the artificial food coloring Red No. 3. The dye will no longer be allowed in US food or ingested drugs starting Jan. 15, 2027, according to a Food and Drug Administration document released on Jan. 15. Red No. 3 is used in foods such as Brach's candy corn from Ferrara Candy Co., Betty Crocker sprinkles from General Mills Inc. and strawberry Ensure from Abbott Laboratories. It is also found in drugs, including Takeda Pharmaceutical Co. Ltd.'s Vyvanse for attention deficit hyperactivity disorder and store-brand heartburn pills from Costco Wholesale Corp. and Rite Aid Corp.

#### **National Institutes of Health**

Policy on Affordable Access to Drugs: The National Institutes of Health (NIH) finalized a policy that requires drugmakers
using NIH patents to submit "access plans" for affordable pricing just days before NIH Director Monica Bertagnolli announced
her resignation. Drug-price control groups said that NIH's move to ensure that the drugs it develops are affordable is a major
step, but they caution that the policy remains weak in many ways.

#### **Federal Trade Commission**

• **PBM Report:** On January 14, <u>FTC staff released a new report</u> on PBMs' influence over specialty generic drugs. Specifically, the report found Caremark Rx, Express Scripts, and OptumRx marked many of these specialty generic drugs by hundreds and up to thousands of percent. Read the full report <u>here</u>.

#### **Drug Enforcement Agency**

Buprenorphine Treatment via Telemedicine Expansion: Last week, the DEA finalized a rule that, effective February 15, 2025, permits a practitioner to prescribe a patient with a Schedule III-V controlled substance for the treatment of Opioid Use Disorder (OUD) for up to six months after reviewing a patient's prescription drug monitoring program data. After six months, they must use other forms of telemedicine or conduct an in-person medical visit. Read the complete rule <a href="here">here</a>.

#### Agency for Healthcare Research and Quality

U.S. Preventive Services Task Force (USPSTF): Reminder - <u>AHRQ invites nominations of qualified individuals to serve as members of the USPSTF</u>. Qualified candidates must have expertise and national leadership in several areas, including clinical prevention, health promotion, and primary care. <u>Additional information can be found here</u>. <u>All nominations must be submitted by March 15, 2025</u>.

### In the States

• Nevada Health Insurance Approval: The Biden administration has <u>approved a public health insurance option in Nevada</u>, making it the third state to offer a government-run marketplace plan. The approval could save the federal government hundreds of millions of dollars and make health plans more affordable in Nevada. Colorado and Washington are the two other states that offer public option plans in their *Affordable Care Act* marketplaces.

- **340B Fight in Colorado:** Colorado is on the <u>verge of a massive fight at the state Capitol</u> over a multibillion-dollar federal health care program you may have never heard of. The program goes by the super-unsexy name of 340B, and it pulls together a battle royale of health care industry heavyweights: hospitals versus pharmaceutical companies versus pharmacies versus insurers.
- Georgia Medicaid Expansion Plan: Georgia will seek federal approval to extend Medicaid coverage to some low-income parents and legal guardians of children through the age of six, Gov. Brian Kemp announced Wednesday. Georgia Pathways, the limited Medicaid expansion the state launched in 2023, would cover families with young children in households with incomes at or below 100% of the federal poverty level, Kemp said during a news conference at the state Capitol.

#### **ICYMI**

- Can medical schools funnel more doctors into the primary care pipeline? KFF Health News
- Dr. Oz's Medicare leadership team takes shape, The Washington Post
- The Growing Inequality in Life Expectancy Among Americans, KFF Health News
- The State Is Under-Funding CT's Community Health Centers, Connecticut Mirror

# **Upcoming Events of Interest**

- January 29: <u>ACH Members Only Office Hours</u> on the Changes to the HRSA Scope of Project Policy Manual, 12:00 1:00
  (ET), Virtual.
- February 26: ACH Members Only Office Hours, 12:00 1:00 (ET), Virtual.
- March 18: ACH Virtual Hill Prep in advance of Annual Member Meeting Hill Day, 12:00 1:00 (ET), Virtual.
- March 20: ACH Members Only Office Hours, 12:00 1:00 (ET), Virtual.
- March 25-27: ACH 4th Annual Member Meeting, Washington, DC
- October 6-7: ACH CHC Best Practices Showcase, Denver, CO

Please let us know if you have any questions and have a great rest of your week!

Sincerely,

# Your ACH Policy & Government Affairs Team:

<u>Stephanie Krenrich</u>, SVP, Policy & Government Affairs <u>Molly Grady</u>, Director, Policy & Government Affairs



Advocates for Community Health, 1575 I St. NW, Suite 300, Washington, DC 20005 Unsubscribe Manage preferences