



## Capitol Insights Newsletter

### January 23, 2026

Author(s): Matt Reiter and Luke Schwartz

### What Happened in Congress This Week?

Congress is close to finishing its work to pass a “minibus” of the remaining FY 2026 appropriations bills. This includes the bill that funds the **Department of Health and Human Services (HHS)** and its subagencies such as the **Centers for Medicare and Medicaid Services (CMS)**. The minibuss also includes a package of health policies unrelated to spending. The bill passed the House on Thursday night and now goes to the Senate for a vote.

The [House Energy and Commerce Committee](#) and House [Ways and Means Committee](#) held separate hearings with the same panel of health insurance executives.

The House Budget Committee held a [hearing](#) on healthcare costs. The impact of consolidation on the healthcare system was a key discussion topic.

### Summary of Key Provisions in Legislative Health Package

The House and Senate Appropriations Committees released the text of a new package of FY 2026 appropriations bills which includes the Labor-HHS-Education appropriations bill. This bill would set federal funding for federal agencies such as the Department of Health and Human Services (HHS), Centers for Medicare and Medicaid Services (CMS), Food and Drug Administration (FDA), National Institutes of Health (NIH), and Centers of Disease Control and Prevention (CDC) through the remainder of FY 2026 (September 30<sup>th</sup>).

This package is notable because it includes the bills that are historically the most difficult to secure bipartisan support. In addition to extending federal funding, it also includes a package of bipartisan health policies such as pharmacy benefit manager (PBM) reforms. The bill includes wins for both [Democrats](#) and [Republicans](#), as highlighted by their respective summaries.

Notably, the bill does not address expired enhanced eligibility for Affordable Care Act (ACA) premium assistance subsidies.

The House of Representatives passed the bill on Thursday night. The bill now goes to the Senate for consideration. The bill must be passed and signed into law before January 31<sup>st</sup> to avoid

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another government shutdown and lapse of Medicare extender policies. The House is scheduled to be out of session next week and much of the country, including Washington, D.C., is forecasted to receive a major snowstorm that could impact travel. This adds pressure for the Senate to pass the bills quickly and to pass them as is without any changes.

Below is a summary of notable provisions in the FY 2026 Labor-HHS-Education appropriations bill.

#### **Medicare Extenders**

The bill extends temporary expiring Medicare coverage policies such as the 1.0 work geographic practice cost indices (GPCI) floor through 2026 and telehealth coverage flexibilities that have been in place since the COVID-19 pandemic through 2027. These policies lapsed during the government shutdown in 2025, which resulted in confusion on how CMS would handle impacted claims.

#### **Pharmacy Benefit Manager (PBM) Reforms**

PBM reform has been among the most bipartisan health policy issues for the last several years. However, Congress has been unable to pass meaningful legislation to advance these reforms. This bill includes a sweeping set of PBM reforms including:

- Requiring PBMs to pass 100% of rebates on to consumers, except for a few narrowly defined exceptions.
- Increases transparency between PBMs and their health plan clients on PBM costs and prices. PBMs will be required to submit semi-annual reports to their health plan clients and HHS regarding things such as drug utilization, price and revenue data.
- Empowers HHS to review remuneration agreements between PBMs, manufacturers and Medicare Part D plans.

#### **Medicare Advantage (MA) Provider Directories**

The bill would impose new requirements on MA plans to maintain publicly available provider directories on their websites.

#### **Streamlined Medicaid Enrollment for Out-of-State Providers**

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States will be required to allow out-of-state providers to enroll in their state's Medicaid program without imposing requirements beyond the minimum necessary for the state. The enrollments will be for five years.

#### **Advanced Alternative Payment Models (APM) Bonus Incentive**

In creating the Quality Payment Program (QPP) in 2015, CMS provided automatic payment bonuses to clinicians participating in Advanced APMs. This bonus payment expired but Congress is renewing it at 3.1% for 2028.

#### **Wearable Medicare Devices**

Within 18 months of the bill's enactment, the Government Accountability Office (GAO) is required to study and report on the capabilities and limitations of wearable medical devices used to support clinical decision making. HHS Secretary Robert F. Kennedy Jr. is a public supporter of wearable medical devices.

#### **Part D Pharmacy Networks**

Beginning January 1, 2029, Medicare Part D prescription drug plans must allow "any willing pharmacy" that meets their standard contract terms to participate in their network.

#### **Hospital Outpatient Department (HOPD) Identification Numbers**

Beginning January 1, 2028, all off-campus HOPDs must begin using a unique national provider identifier (NPI) on claims. This could impact physician offices that are owned by large hospital systems. The HHS Office of Inspector General (OIG) will issue a report analyzing this policy by January 1, 2030.

#### **Federal Funding Levels**

The bill maintains consistent funding levels for agencies such as CMS and the CDC. It provides a \$415 million increase to the NIH. Medicare payments to clinicians are funded through

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mandatory spending mechanisms and are not directly impacted by the federal appropriations process for discretionary spending.

### Top Stories in Healthcare Policy

MedPAC voted 15-2 to recommend a 0.5% update to physician payments in 2027. One of the dissensions was over concerns that this would be an inadequate update. MedPAC will officially include the recommendation in its March Report to Congress.

MedPAC estimates the federal government will spend \$76 billion more on Medicare Advantage enrollees this year than if they were enrolled in traditional Medicare.

CMS released the 2023 Medicare Current Beneficiary Survey results, which provides data on demographics and health disparities among the Medicare population.

Senators Bill Cassidy (R-LA) and Maggie Hassan (D-NH) sent a letter to CMS urging the agency to finalize a 2023 proposed rule that would improve operational processes for the No Surprises Act (NSA) Independent Dispute Resolution (IDR) process.

The Department of Justice (DOJ) announced it collected \$6.8 billion in False Claims Act settlements in FY 2025, of which \$5.7 billion were related to healthcare.

In its most recent Semiannual Report to Congress, HHS OIG reported \$19 billion in recoveries for FY 2025.

CMS published data on the No Surprises Act (NSA) Independent Dispute Resolution (IDR) process for Quarters 1 and 2 of 2025.

House Judiciary Committee Republicans published a staff report that accuses CVS Health of anti-competitive business practices.

The U.S. has officially ended its membership in the World Health Organization (WHO). However, the exact nature of the U.S.' relationship with the WHO is still unclear.

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**HHS Secretary Robert F. Kennedy Jr. [began](#) a speaking tour where he is highlighting his and the Trump Administrations accomplishments and [outlining](#) his MAHA-aligned goals for the future.**

**Ahead of this weekend's major snow storm that will impact much of the eastern U.S., here is a link to the National Weather Service's [winter storm preparedness checklist](#).**

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