

# Highmark's Weekly Capitol Hill Report

Issues for the week ending January 9, 2026

## Federal Issues

### Legislative

#### House Passes ACA Tax Credit Extension, Senate Outlook Cloudy

In their first week of the second session of the 119th Congress, House Republicans saw their majority shrink following the death of Representative Doug LaMalfa (R-CA) and the resignation of Representative Marjorie Taylor Greene (R-GA). These departures leave Republicans with a razor-thin, two-seat majority, significantly complicating efforts to advance legislation on a party-line basis.

In addition, before adjournment last session, a small group of moderate Republicans, led by Representative Brian Fitzpatrick (R-PA), signed a discharge petition introduced by Minority Leader Hakeem Jeffries (D-NY) to force a vote on the Democrats' bill for a 3-year Affordable Care Act (ACA) enhanced tax credits extension. The petition ripened last week, triggering a floor vote on the premium tax credits over the objection of GOP leadership. The House subsequently passed the clean three-year extension, [230-193](#), with 17 Republicans joining all 213 Democrats.

**Yes, but:** The Senate will not bring this legislation to the floor after passage of a three-year clean extension failed in December. Bipartisan negotiations in the

## In this Issue:

### Federal Issues

#### *Legislative*

- House Passes ACA Tax Credit Extension, Senate Outlook Cloudy
- House Committees Announce Insurer Hearings

#### *Regulatory*

- Drug Pricing & Innovation Models: Summary of Recent Activity
- No Surprises Act: IRS Releases Guidance on Qualifying Payment Amount Methodology & CMS Releases Bi-Monthly Reports
- AI in Clinical Care RFI
- CMS Announces Medicaid Quality Changes and Releases MAC Scorecard

### State Issues

#### Delaware

##### *Legislative*

- Delaware General Assembly Returns to Session

#### New York

##### *Legislative*

- 2026 New York Legislative Session Begins

Senate are ongoing but seem unlikely to draw enough GOP support to pass.

**The next opportunity to revive the enhanced tax credits is January 30**, the deadline to fund the federal government.

- Appropriators continued negotiations during the holiday recess, and on January 8 the House passed a three-bill spending package covering Energy-Water, Interior-Environment, and Commerce-Science-Justice.

**The remaining six appropriations bills are still being negotiated**, with Senate Appropriations Chair Susan Collins (R-ME) noting progress on two additional minibuses covering Homeland Security, State-Foreign Operations, Financial Services, Defense, Labor-HHS-Education, and Transportation-HUD. Despite these developments, the House and Senate continue to face disagreements including increased vetting of earmarks.

## Pennsylvania

### *Legislative*

- Legislative Update

### Industry Trends

#### Policy / Market Trends

- Progress on Simplifying Prior Authorization

---

## House Committees Announce Insurer Hearings

The House Energy and Commerce and Ways and Means Committees [announced](#) each panel will hold hearings with the CEOs of five health insurers — UnitedHealth Group, CVS Health, Cigna, Elevance Health and Blue Shield of California — on Thursday, January 22.

**Why this matters:** The move comes as Republicans are increasingly on the defensive about allowing ACA tax credits to expire. Chairmen Brett Guthrie (R-KY) and Jason Smith (R-MO) noted the CEOs have been invited to answer questions on how we can make health care more affordable for all Americans with an emphasis on commercial insurance coverage rather than individual market. The Chairmen also noted the hearing will be the first in a series examining the root causes of higher prices and policies to lower the costs.

---

## Federal Issues

Regulatory

### **Drug Pricing & Innovation Models: Summary of Recent Activity**

The Administration continues its focus on drug pricing, particularly through the implementation of Most-Favored-Nation (MFN) policies and new CMMI models.

## Most-Favored-Nation (MFN) Initiatives:

- **CMMI Models for Drug Payment:** CMS has proposed two mandatory MFN drug payment models:
  - **Global Benchmark for Efficient Drug Pricing ([GLOBE](#)) Model (Medicare Part B):** This model would affect approximately 25% of Medicare Part B fee-for-service beneficiaries by using international pricing benchmarks to modify inflation rebate calculations for a subset of sole-source drugs. Medicare Advantage plans and beneficiaries are excluded. The model is scheduled to launch on October 1, 2026.
  - **Guarding U.S. Medicare Against Rising Drug Costs ([GUARD](#)) Model (Medicare Part D):** This model will randomly select 25% of Part D beneficiaries, including those in stand-alone Part D plans and MA-PDs, to test similar inflation rebate modifications for sole-source Part D drugs. It notably includes protected class drugs but excludes generics, biosimilars, and drugs subject to a negotiated maximum fair price. The GUARD Model is set to launch on January 1, 2027.
  - **Action Item:** Comments on both proposed rules are due by February 23, 2026.
- **Drug Manufacturer Agreements:** The Administration [announced](#) MFN pricing agreements with nine additional drug manufacturers. These agreements aim to ensure all State Medicaid programs can access MFN-level pricing and require manufacturers to offer discounted medicines on TrumpRx.gov.

## GLP-1 Weight Loss Models:

- **[BALANCE](#) Model (Better Approaches to Lifestyle and Nutrition for Comprehensive hEalth):** CMS announced this voluntary model to increase access to certain GLP-1 medications and related lifestyle interventions for weight loss.
  - **Mechanism:** CMS will negotiate drug pricing and coverage terms with manufacturers on behalf of Part D plan sponsors and state Medicaid agencies. Manufacturer negotiations will also define patient qualifications and prior authorization requirements.
  - **Timeline:** State Medicaid agencies can launch coverage as early as May 2026, with the Part D component launching in January 2027.
  - **Action Item:** Part D plans and state Medicaid agencies had until January 8, 2026, to submit a Notice of Intent (NOI) to participate. CMS also expects to launch a short-term demonstration for GLP-1 coverage outside of the Part D benefit in July 2026 as a bridge to the BALANCE Model.

## CMS Innovation Center - Accountable Care:

- **Long-term Enhanced ACO Design (LEAD) Model:** The CMS Innovation Center announced this voluntary ten-year model, which will launch on January 1, 2027, following the conclusion of the ACO REACH Model at the end of 2026.
- 

## **No Surprises Act: IRS Releases Guidance on Qualifying Payment Amount Methodology & CMS Releases Bi-Monthly Reports**

- **What's happening:** The Internal Revenue Service (IRS) issued [guidance](#) to calculate the No Surprises Act qualifying payment amount (QPA) for 2026.
    - **Why this matters:** The QPA indexing factor directly impacts QPA calculations, which impacts cost sharing for claims subject to the No Surprises Act and is a factor in independent dispute resolution reviews.
    - **The details:** Notice [2025-47](#) provides an indexing factor for the QPA for items and services furnished in 2026 (1.0265311701). This applies in cases where a health plan does not have sufficient information, as of Jan. 31, 2019, to calculate the median contracted rate. The guidance specifies the average CPI-U for previous years to be used in QPA calculations. Similar guidance for items and services furnished during 2022, 2023, 2024 and 2025 was published in Revenue Procedure 2022-11, Notice 2022-11, Notice 2023-4, Notice 2024-1 and Notice 2025-11.
  - **CMS Releases No Surprises Act Bi-Monthly Reports:** In December, CMS published two Independent Dispute Resolution (IDR) bi-monthly [reports](#). The reports include information on IDR program statistics and are intended to promote transparency into the implementation of the Federal IDR process. Data is now available as of Sept. 30, 2025, and as of Nov. 30, 2025.
    - These reports are intended to provide information to update the public more frequently than the IDR Public Use Files (PUFs). CMS has previously published PUFs on Independent Dispute Resolution (IDR) process operations for 2023 and 2024. These files include all data elements required for publication by the No Surprises Act (NSA) and are accompanied by supplemental tables and background. The Departments will continue to release the IDR PUFs and supplemental tables in addition to the bi-monthly reports.
- 

## **AI in Clinical Care RFI**

HHS [issued](#) a Request for Information (RFI) on "Accelerating the Adoption and Use of Artificial Intelligence as Part of Clinical Care."

- **Requested Content:** Recommendations on regulatory, reimbursement, and research strategies to integrate AI tools responsibly into clinical workflows, as well as feedback on barriers such as liability, interoperability, privacy, and data trust.
- **Action Item:** Public comments are due by February 23, 2026.

---

## CMS Announces Medicaid Quality Changes and Releases MAC Scorecard

- **Interested Parties Advisory Group:** CMS issued the annual [State Health Official \(SHO\) letter](#) announcing a delay in enforcement of interested parties advisory group requirements for state Medicaid programs until January 1, 2029. This group, required under the Ensuring Access to Medicaid Services Final Rule, advises on provider rates for home-and-community based services.
  - Notably, the letter also removes four immunization measures from the related to pediatric and prenatal immunization status from the 2026 Child and Adult Core Sets:
    - *Childhood Immunization Status (CIS-CH)*
    - *Immunizations for Adolescents (IMA-CH)*
    - *Prenatal Immunization Status: Under Age 21 (PRS-CH)*
    - *Prenatal Immunization Status: Age 21 and Older (PRS-AD)*
  - **Related:**
    - CMS notes that states may voluntarily report on the results of these measures to allow CMS to maintain a longitudinal dataset while exploring alternative immunization measures.
    - The agency will explore options to facilitate the development of new vaccine measures that capture information about whether parents and families were informed about vaccine choices, vaccine safety and side effects, and alternative vaccine schedules.
    - CMS also strongly discourages states from using immunization measures in value-based purchasing and payment arrangements in fee-for-service or managed care programs.
- **MAC Scorecard:** On January 5, 2026, CMS released the [2025 Medicaid and Children's Health Insurance Plan \(MAC\) Scorecard](#). The MAC Scorecard is a CMS dashboard that draws from multiple datasets derived from state and federal reporting efforts. CMS developed the MAC Scorecard with the goal of improving transparency and accountability for Medicaid and CHIP program administration and health outcomes. The measures selected for inclusion in the 2025 MAC Scorecard represent key data points that reflect CMS's priorities across different facets of Medicaid and CHIP.

As part of this year's MAC Scorecard, CMS rolled out several targeted refinements to existing website features including enhanced search functionality and measure selection features.

---

## State Issues

### Delaware

#### Legislative

#### **Delaware General Assembly Returns to Session**

The Delaware General Assembly will gavel in on Tuesday. Legislation expected to be considered this session include the following:

- Primary Care Reform
- Uniform credentialing requirements, definitions and timelines
- PBM legislation to clarify current code
- Mental health parity bill to address issues uncovered in examinations
- NAIC model bill pertaining to lead generators and acceptable carrier activity
- Biomarker coverage

[House Substitute 1 for House Bill 200](#) was introduced that requires health insurance coverage only for pre-exposure prophylaxis (“PrEP”) medication and post-exposure prophylaxis (“PEP”) medication with no cost share.

**Why this matters:** While Highmark is already in compliance with the PrEP mandate, Post-exposure prophylaxis (PEP) is covered but subject to member cost-sharing.

---

## State Issues

### New York

#### Legislative

#### **2026 New York Legislative Session Begins**

Lawmakers returned to Albany last week for the opening of the 249<sup>th</sup> Legislative Session and signaled that the broad issue of “affordability” remains a priority.

Delivering their opening remarks to their members, both Senate Majority Leader Andrea Stewart-Cousins and Assembly Speaker Carl Heastie vowed to focus on efforts to allay the impact of federal cuts and policies on New York’s health care industry. Senate Health Committee Chair Gustavo Rivera indicated he believes there’s a renewed opportunity to revisit proposals like the New York Health Act — which would create a single-payer health care system for New Yorkers — saying “it is not only very necessary, but it’s also politically popular.”

Governor Kathy Hochul also continues her pledge to improve affordability in New York. In a preview of her State of the State, the annual address to the Legislature that highlights the Governor’s priorities, she did announce a partnership with the new New York City Mayor Zohran Mamdani to provide free

child care for two-year-olds in New York City, with the state covering the full cost of the first two years of the initiative, as well as a promise to make pre-kindergarten access fully available statewide, which she said would be complete by the 2028-29 school year.

More of the Governor's 2026 goals, including her health care agenda, will be outlined at a high level in her State of the State being delivered January 13<sup>th</sup>. Programmatic details will have to wait for the Executive Budget proposal, set to be unveiled later in January.

Legislative priorities the health insurance industry will be following closely include proposals to limit prior authorization/utilization review, mandate new health benefits, regulate AI usage, regulate health data, and impact pharmacy benefits.

---

## State Issues

### Pennsylvania

#### Legislative

#### Legislative Update

The House and the Senate convened on Tuesday at Noon for their Constitutional reorganization as a start of the second year of the two-year legislative session.

Senate President Pro-Tempore Kim Ward was unanimously reelected as Pro-Tempore by the members of the Senate.

Speaker of the House Joanna McClintock setting the date for the four special elections to fill vacancies created by member resignations. Elections to fill the seats of former Democratic Representatives Dan Miller (Allegheny County) and Josh Siegel (Lehigh County) will be held on February 24. The elections to fill the seats of former Republican Representatives Lou Schmitt (Blair County) and Torren Ecker (Adams & Cumberland Counties) will be held on March 17.

After conducting further reorganizational business, both chambers adjourned until January 26.

---

## Industry Trends

### Policy / Market Trends

#### Progress on Simplifying Prior Authorization

Six months after AHIP, BCBSA and leading health plans announced a series of multi-year [voluntary commitments](#) to streamline and simplify prior authorization, a new joint AHIP-BSBSA blog [shares](#) how health plans have been working to implement commitments in 2026 and beyond.

**The Bottom Line:** Prior authorization is an important safeguard that helps ensure care is safe, evidence-based, and cost-effective, reducing out-of-pocket costs and premiums for patients. Health plans'



commitment to streamline prior authorization across markets and programs serving 270 million Americans means that patients will have faster, more direct access to appropriate treatments and medical services. AHIP and BCBSA will provide the first of regular updates on the industry-wide implementation of these commitments this spring.

**Hearing Statement:** AHIP highlighted the health plan prior authorization commitments in a [statement for the record](#) for a House Energy and Commerce Health Subcommittee [hearing](#) on Medicare payment policies. AHIP also highlighted the value MA brings through its care coordination, supplemental benefits, and service to high-need populations.

**Go Deeper:** Read more on the health plan commitments to simplify prior authorization in 2026 and 2027 [here](#).

**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](http://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/>.

The content of this email is confidential and intended for the recipient specified only. It is strictly forbidden to share any part of this message with any third party, without a written consent of the sender. If you received this message by mistake, please reply to this message and follow with its deletion, so that we can ensure such a mistake does not occur in the future.



