

Federal Issues

Regulatory

CMS Administrator Oz Announces End-to-End Digital Prior Authorization Initiative & Pledge

On Tuesday, CMS announced an Electronic Prior Authorization (ePA) [Pledge](#) under its [Health Tech Ecosystem](#) initiative and CMS Administrator Oz published a [blog post](#) on May 5 announcing CMS's commitment to modernizing prior authorization. Oz cited progress to date: health plans have collectively reduced prior authorizations by 11% since January 2026, resulting in 6.5 million fewer requests.

The pledge brings payers, — including AHIP and the Blue Cross Blue Shield Association — providers, EHR vendors, and digital health developers together around a single goal: making ePA work end-to-end, on time, for every patient. Plans that sign on voluntarily commit to moving ePA beyond minimum compliance with existing CMS requirements (CMS-0057-F).

Why this matters: The Pledge aligns directly with the commitments health plans have already made as part of the [June 2025 AHIP-BCBSA Prior Authorization Commitments](#) to achieve real-time responses for 80% of prior authorizations in 2027. The ePA Pledge fits within the larger Health Tech Ecosystem framework, which carries more specific commitments across four

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categories, CMS-Aligned Networks, participating EHRs, participating providers, and digital health developers building patient-facing tools.

More Details: Electronic prior authorization interfaces from select payers are targeted to go live January 1, 2027, with eventual integration into the Merit-based Incentive Payment System (MIPS) for clinicians and the Medicare Promoting Interoperability Program for hospitals. CMS framed this as a companion effort to the April 10 CMS-0062-P proposed rule extending electronic prior authorization requirements to prescription drugs.

- **New Issue Brief on Medicaid Managed Care: Combatting Fraud, Waste and Abuse**

White House Releases Economic Analysis of MFN Drug Pricing Framework - Cites Medicare Implications

The White House Council of Economic Advisers published a [formal economic analysis](#) on May 5 quantifying the projected savings from the administration's Most-Favored-Nation drug pricing framework. The analysis projects \$529 billion in domestic savings over 10 years across all markets from prospective MFN pricing on newly launched drugs, and \$64.3 billion in combined federal and state savings over 10 years from making existing drugs available to Medicaid at MFN prices. The report specifically cites the administration's GLP-1 price reductions — secured at \$245 per month for Medicare and Medicaid — as enabling a fiscally sustainable expansion of Medicare coverage for obesity treatments.

Why this matters: For Medicare Part D plan sponsors, MFN prices are designed to operate in tandem with IRA Maximum Fair Prices under the Medicare Drug Negotiation Program, and CMS is expected to clarify through guidance how the two frameworks interact for drugs subject to both.

CMS Announces Medicare GLP-1 Bridge Program Details

CMS released a [press release](#) on May 6 providing implementation details for the Medicare GLP-1 Bridge demonstration, which will make eligible GLP-1 medications — Wegovy, Zepbound (KwikPen), and newly approved Foundayo (Orforglipron) — available to Medicare Part D beneficiaries at \$50 per month beginning July 1, 2026, through December 31, 2027.

Why this matters: Part D plan sponsors should monitor forthcoming HPMS guidance on bid implications ahead of the July 1 launch.

Background:

- The program operates under the Secretary's demonstration authority outside the standard Part D benefit payment flow, meaning Part D plan sponsors will not carry financial risk for GLP-1s furnished under the demonstration; claims adjudication and pharmacy payment will be handled centrally by CMS.
 - Beneficiaries must be enrolled in a Part D plan and meet body mass index eligibility criteria.
 - Notably, the \$50 copay will not count toward the Part D deductible or the \$2,100 out-of-pocket cap, and Low-Income Subsidy cost-sharing reductions will not apply — raising access concerns for low-income beneficiaries.
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CMS Updates

- **CMS Releases Updated Unified Rate Review Template:** On May 4, 2026, CMS published an updated Unified Rate Review [webpage](#) which includes downloadable files for the [Unified Rate Review Template v8.2](#) and [Unified Rate Review Instructions](#). The updated template reflects the [Proposed 2027 Notice of Benefit and Payment Parameters](#) cost-sharing reduction reporting requirements.
- **CMS Releases 2027 Updates to Health Home Core Quality Measure Sets:** The Centers for Medicare & Medicaid Services (CMS) released a [State Medicaid Director Letter](#) (SMD #26-002) announcing updates to the FFY 2027 Health Home Core Quality Measure Sets for Medicaid. No measures were added or removed, but CMS is adding mandatory stratification standards for foster care and the Medicaid adult expansion group to the existing stratification requirements (race and ethnicity, sex, and geography). Stratification for foster care will apply to both health home core sets while stratification for the expansion group will apply only to the section 1945 core set.

The SMD identifies the subset of measures subject to mandatory stratification reporting (reflecting 50 percent of each of the Health Home Core Sets), which CMS says were prioritized because they reflect high priority areas for improvement in health care delivery and health outcomes and align with other Core Set measure sets across the agency. States may choose to report stratified data on additional quality measures.

The Health Home Core Sets will take effect for the FFY 2027 reporting cycle, for Health Home programs implemented between July 1, 2025 and June 30, 2026. CMS indicates that updated technical specifications for the Health Home Core Sets will be released in the spring of 2027.

State Issues

New York Legislative

NYS Budget Delay Continues

Governor Kathy Hochul last Thursday announced that she and legislative leaders had reached a “general agreement” on a new \$268 billion state budget, declaring “We got it done.” However, shortly after the announcement, Assembly Speaker Carl Heastie told reporters that there was no agreement, saying that on Wednesday evening he told the Governor he was comfortable with her telling reporters they were close to a deal – but not that they had reached an agreement. On Friday, the Speaker clarified his position, saying he wasn’t upset with the Governor but frustrated by the process.

In making her announcement, the Governor gave a high-level overview of issues that were high on her list of policy priorities. Both the Governor and the Speaker said there are details – including actual spending amounts as well as additional policy issues – that need to be finalized. Health care is one of the major areas where specifics are still being worked out.

In a push to finalize the budget, negotiations are expected to ramp up this week. Lawmakers returned Monday to pass at least one more budget extender. However, it is uncertain whether everything – actual language, bills printed and voted on – can be wrapped up before next weekend or the Memorial Day weekend. The Assembly Speaker has remained steadfast that the legislative session will not be extended despite the delayed budget.

State Issues

Pennsylvania

Legislative

House Advances AI Legislation

Last week the House Communications and Technology Committee convened for a voting meeting on Tuesday to consider **House Bill 1925** by Representative Venkat.

Why this matters: This legislation would establish new mandates and reporting requirements on the use of Artificial Intelligence on both health insurers and providers.

This bill received an extensive amendment which was adopted unanimously, and the legislation was then passed out of Committee by a 19-7 vote.

Both chambers are now adjourned on their spring break and will return to session on June 1st for the budget month session.

Governor Signs Legislation Expanding Access to Maternal Health Care

On May 6, the Governor signed the following bills, expanding access to maternal health care:

- [Senate Bill 507](#) (Brown, R-Monroe): Legislation establishing a licensure pathway for certified midwives was signed into law as [Act 14](#) of 2026. SB 507 amends the Medical Practice Act of 1985 and provides for licensure of certified midwives and allows licensed midwives to prescribe medications, including medications for the treatment of opioid use disorder. The bill takes effect in 60 days.

- [House Bill 1251](#) (Curry, R-Delaware): Amends the Physical Therapy Practice Act authorizing nurse midwives to refer patients for physical therapy services was signed into law as [Act 12](#) of 2026. The bill takes effect in 60 days.

Why this matters: These bills will expand and improve maternal health care by empowering Pennsylvania's midwives in providing comprehensive care.

Other Legislative Developments Impacting Hospitals:

- The House adopted a resolution directing the Joint State Government Commission to conduct a study on medical errors in the Commonwealth ([HR 203](#)).
- **Hospital Regulation Study:** Representative Bridget Kosierowski's (D-Lackawanna) introduced a bill directing the Joint State Government Commission to conduct a study on outdated hospital regulations ([HR 513](#)). If passed, this bill would shine a light on the administrative and financial burden hospitals have been working under for years.

Medical Liability Developments: Medical liability remained a point of focus last week as the Legislative Budget and Finance Committee released its [report](#) on the feasibility of a no-fault catastrophic loss fund for birth-related neurological injuries in Pennsylvania.

Industry Trends

Policy / Market Trends

New Issue Brief on Medicaid Managed Care: Combatting Fraud, Waste and Abuse

AHIP has developed a new [issue brief](#) that describes the value of Medicaid plans in preventing and detecting fraud, waste, and abuse (FWA). The brief highlights how preventing and rooting out FWA is core to the mission of Medicaid plans, summarizes various federal and state requirements and other factors that ensure Medicaid plans are accountable for program integrity, and describes common strategies and operational features that plans are using to support trust in, and the long-term sustainability of, the Medicaid program.

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/>.

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