Highmark's Weekly Capitol Hill Report

Issues for the week ending May 29, 2026

Federal Issues

Regulatory

Departments Release Surprise Billing Operations Final Rule

The Departments of HHS, Labor and Treasury (Departments), **released** a **final rule** **and** **fact sheet** with operational fixes to improve the No Surprises Act's (NSA) Independent Dispute Resolution (IDR) process.

Why this matters: The NSA has protected millions from surprise billing, but misuse of the IDR process is driving up costs for patients and employers — $5 billion in just two years. This rule — finalized from a 2023 proposed rule predating the escalation of IDR misuse — makes needed operational improvements but does not address the flawed incentives at the root of the problem.

The details: Two operational changes in particular reflect BCBSA's recommendations:

- **IDR Portal Upgrades**. A new IDR portal launching in 2026 will centralize dispute initiation, status tracking and communications — a long-sought BCBSA priority. BCBSA will continue to push for upfront eligibility checks to be included.

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- **Eligibility Reviews**. IDR Entities (IDREs) must issue eligibility determinations and additional information requests within five business days, which providers and insurers have five days to respond to or the IDRE proceeds. This adds accountability to address ineligible claims, though it creates added burden for Plans.

Yes, but: A number of provisions were finalized more favorably for providers than proposed, including:

- **Administrative.** The finalized $15 administrative fee for both providers and insurers — structured differently than what BCBSA recommended — is likely to further incentivize provider use of the IDR process and drive up dispute volumes.

- **Batching rules.** While the Departments' new 50-item batch limit adds helpful structure, it doubles BCBSA's recommended cap of 25, which may drive increased volume in the process.

BCBSA released a media statement welcoming the rule but calling for stronger action to "… stem the flood of ineligible claims into arbitration and awards..."

Yes, and: The Coalition Against Surprise Medical Billing (CASMB), BCBSA's surprise billing coalition, also released a statement calling for stronger oversight of bad actors and further reforms to fulfill the NSA's promise of lower costs for patients.

- **DOH Clarifies Ketamine Regulations for Hospitals**

IRS Releases 2027 HDHP and HSA Limits

What's happening: On Friday afternoon, the Internal Revenue Service (IRS) released Revenue Procedure 2026-24 establishing for 2027 limits on annual deductions to health savings accounts (HSAs) and limits on deductibles for high deductible health plans (HDHPs) linked to HSAs, as well as the maximum amount that may be made newly available for the plan year for an excepted benefit health reimbursement arrangement (EBHRA). The guidance also establishes the 2027 thresholds for direct primary care service arrangements (DPCSAs) under the inflation-adjustment framework added by section 71308 of the One Big Beautiful Bill Act, with no change from the statutory amounts for 2027.

Why this matters: The 2027 limits are necessary for Plans to finalize HSA-compatible product designs and confirm HDHP deductible and out-of-pocket parameters for regulatory filings. The guidance also reflects the first application of the inflation-adjustment framework for DPCSAs.

The details:

- HSA Contribution Limits (2027): $4,500 (self-only) / $9,000 (family)
- HDHP Parameters (2027):
    - *Minimum deductible: $1,750 (self-only) / $3,500 (family)*
    - *Maximum out-of-pocket: $8,700 (self-only) / $17,400 (family)*
- EBHRA Maximum (2027): $2,250 newly available for the plan year.
- DPCSAs: Section 71308 of the One Big Beautiful Bill Act added section 223(c)(1)(E) to the Code, effective for months beginning after December 31, 2025. Under this provision, a DPCSA is not treated as a health plan for purposes of HSA eligibility, provided aggregate monthly fees do not exceed specified thresholds. For 2027, the thresholds remain unchanged from the statute:
    - *Single-individual DPCSA:* $150/month
    - *Multi-individual DPCSA:* $300/month

Variation from Maximum Out-of-Pocket Limits: HDHP limits differ from ACA maximum out-of-pocket limits, which were established in the 2027 Payment Parameters and Benefit Parameters Guidance.

CMS Updates

- **CMS Administrator Oz Reshuffles Agency Leadership**
  CMS Administrator Dr. Mehmet Oz reorganized leadership roles at the agency, spokesperson Christopher Krepich confirmed. Rebekah Armstrong — who previously led CMS's office of legislation and has prior experience at AHIP and the first Trump administration — will serve as the new Chief of Staff. Stephanie Carlton, who had served as both Deputy Administrator and Chief of Staff, will now

focus solely on her Deputy Administrator role, with a portfolio centered on clinical artificial intelligence and modernizing Medicaid quality measures. Oz called both "world class leaders, brilliant policy minds, and dedicated public servants who have been instrumental in CMS' success."

- **Monthly Update: Enrollment Figures in the Medicaid and CHIP Eligibility Operations and Enrollment Snapshot**
  The Centers for Medicare & Medicaid Services (CMS) released the latest enrollment figures for Medicaid and the Children's Health Insurance Program (CHIP).

  Why this matters: CMS releases the Medicaid and CHIP Eligibility Operations and Enrollment Snapshot on a monthly-basis, providing current month and retrospective data to convey a national and state-specific picture of Medicaid and CHIP eligibility operations and enrollment. For more information on Medicaid and CHIP eligibility operations and enrollment, visit the Medicaid and CHIP Eligibility Operations and Enrollment Snapshot page.

- **CMS Publishes Updated Maximum Fair Prices for Medicare Drug Price Negotiation Third Cycle**
  CMS published an updated list of national drug codes associated with drugs selected for negotiation.

  Why this matters: This file reflects the maximum fair price (MFP) for the third cycle of the Medicare Drug Price Negotiation Program. The update, posted May 26, comes as CMS' initial offers to participating drug manufacturers are due June 1, 2026 — a key milestone in the third cycle of negotiations, which covers 15 high-cost drugs with negotiated prices effective January 1, 2028. Part D plan sponsors should monitor forthcoming guidance from CMS on how third-cycle MFPs will interact with formulary design and bid submissions for CY 2028.

- **CMS Confirms 150+ Accepted Applicants for ACCESS Model Launch**
  CMS updated its ACCESS Model Accepted Applicants page confirming more than 150 organizations have been accepted to participate in the launch of the Advancing Chronic Care with Effective, Scalable Solutions (ACCESS) Model, which begins its 10-year performance period on July 5, 2026. CMS also confirmed private payers representing 165 million members across Medicare Advantage, Medicaid, and commercial coverage have committed to aligning with the ACCESS Model's outcome-based payment approach.

  Why this matters: The May 15 application deadline for the first cohort has passed; organizations that applied after that date will be considered

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HHS Adds 10 States to CCBHC Medicaid Demonstration Program

On May 28, HHS announced the addition of Alaska, Colorado, Hawaii, Louisiana, Maryland, Mississippi, Montana, North Dakota, Washington, and West Virginia to the Certified Community Behavioral Health Clinic (CCBHC) Medicaid Demonstration Program.

Why this matters: The program provides states with sustainable funding to expand access to comprehensive mental health and substance use disorder treatment and recovery support services. With the announcement, 31 of the 46 states with CCBHCs will support the CCBHC model through their Medicaid

programs or the demonstration. HHS Secretary Kennedy said the expansion advances President Trump's Great American Recovery Initiative.

White House Anti-Fraud Task Force Meets with Republican State Attorneys General on Medicaid Fraud; HHS Announces Review of All State MFCUs

On May 26, Vice President J.D. Vance convened a meeting of Republican state attorneys general as part of the White House Task Force to Eliminate Fraud, urging states to partner with the federal government to identify and prosecute Medicaid fraud.

Why this matters: FTC Chair Andrew Ferguson, also a task force member, told the assembled attorneys general that HHS will be conducting a "thorough review" of states' Medicaid Fraud Control Units. Every Democratic attorney general declined to attend, writing in a response letter that the short notice did not reflect the spirit of collaboration that has long defined state-federal anti-fraud partnerships.

State Issues

Delaware

Legislative

Uniform Credentialing Bill Introduced

SB 334, known as the Health Care Professional Access Act, was recently introduced and would require insurance carriers to participate in uniform credentialling processes with specific timetables to create speed-to-market for health care professionals.

Under this Act, credentialing processes are limited to 45 days and provides for provisional credentialing. Components of this legislation are derived from the National Association of Insurance Commissioners' Health Care Professional Credentialing Verification Model Act.

State Issues

New York

Legislative

State Budget Finally Passed

Almost two months after the April 1 start of New York's fiscal year, lawmakers last week finally approved the 2027 State Budget, totaling more than $268 billion, which is more than $8 billion above what Governor Hochul proposed in January. **The following are the key areas that impact the health insurance industry:**

- **Investing in the Essential Plan (EP) to help individuals maintain coverage** — Plans had expressed the importance of making investments that would support New Yorkers enrolled in the EP

and help them to maintain coverage. The Senate and Assembly offered a proposal to extend coverage to about 450,000 New Yorkers who will lose their EP coverage on July 1, but funding for this plan was not included in the final agreement.

- **Funding for the Medicaid Quality Incentive (QI) Program** — The program is vital in enhancing the quality of care for individuals in Medicaid and protecting this funding has been one of the industry's top priorities for several years. The final budget included $50 million to continue supporting a broad range of initiatives between health plans and their provider partners to address racial and ethnic disparities in care and improve health outcomes for underserved populations across the state.

- **Prior Authorization Restrictions** — The Executive Budget included proposals to impose new reporting requirements for adverse determinations, extend current statutory continuity of care provisions for ongoing treatment and pregnancy, mandate publication of plans' drug formularies, and prohibit UR for chronic conditions to no more than once per year. Throughout the budget negotiations, plans met with Executive and legislative staff to communicate our concerns with this proposal and offer suggestions, and the final adopted language included a number of amendments. More details will be shared as we parse through the language.

End of Legislative Session Bill Watch

With the scheduled end of the Legislative Session due June 4, lawmakers turned their attention to other bills as soon as the budget was approved. Last Thursday, the Senate approved two bills that would raise medical and prescription drug spending increasing the cost of coverage for consumers and employers.

- **S.1634-A (Rivera)/A.1915-B (Paulin)** — Dubbed the "Primary Care Investment Act", the bill would mandate that at least 12.5% of total annual expenditures from health insurers go to pay for primary care services. While health plans support investing in primary care to strengthen care coordination and improve quality for patients, the industry has opposed the bill for several reasons. The bill includes no linkage to provider performance or any accountability requiring health systems to ensure the funding flows to primary care. It also fails to address the major factors driving health care costs – the prices that hospitals and pharmaceutical companies charge. Plans have argued that without containing these costs or including measures to hold provider systems to comparable spending targets, the bill merely will increase health care spending and lead to higher premiums without resulting in better care.

- **S.5939-C (Skoufis)/A.5882-C (McDonald)** — This proposal would require that health plans reimburse pharmacies equal to at least the national average drug acquisition cost (NADAC) along with a minimum dispensing fee equal to Medicaid, while exempting collectively bargained health benefit agreements between employers and labor organizations. Plans oppose the legislation, noting it will result in increased premiums and higher costs at the pharmacy counter, and does nothing to address the escalating and exorbitant prices drug manufacturers charge.

Both bills are now in the Assembly Ways and Means Committee.

State Issues

Pennsylvania

Legislative

Legislative Update

Both the House and Senate return to session this week to start the process of negotiating the FY 2026-2027 budget. While the House has already passed and transmitted to the Senate the budget package presented by Governor Shapiro in February, it is widely agreed upon that this will not be the final product with the timetable of negotiations and passage still uncertain at this time.

This week the House will be considering several pieces of legislation.

- First, **House Bill 1106** by Representative Borowski, amending the Chiropractic Practice Act, will be considered with final passage anticipated by Wednesday. This legislation will provide for the certification of chiropractic assistants and establish a scope of practice for them. While passage is anticipated, this bill faces an uncertain future in the Senate.

- On Wednesday the House Finance Committee will consider **House Bill 2550** by Representative Mazzocco. This bill will provide tax credits to businesses with fewer than 50 employees who provide their employees an ICHRA health insurance policy. Given the uncertain future with the budget and funding for future tax credits this legislation is expected to face Republican opposition.

Both chambers will return to session next Monday for another three days of session.

Regulatory

DOH Clarifies Ketamine Regulations for Hospitals

Following advocacy from the hospital community, the Pennsylvania Department of Health (DOH) last week released updated guidance clarifying when registered nurses can administer low-dose ketamine.

In 2020, the Department of Health released its **administration guidelines** for low-dose ketamine. This guidance outlines safe use practices in any treatment setting. This is seemingly the only piece of written guidance available on the topic. Despite the current guidelines, members of the hospital community reported hearing from the Division of Acute and Ambulatory Care (DAAC) surveyors and leadership that registered nurses were not permitted to administer low-dose ketamine.

In a 2024 letter from the Hospital & Healthsystem Association of Pennsylvania and in subsequent meetings with DOH leaders, the hospital community raised concerns about the inconsistency in enforcement. Last week's update formally addresses this issue in writing, as hospitals requested.

DOH will be publishing a bulletin today with additional information.

Why this matters: Reports from the hospital community indicated that compliance enforcement efforts and discussions with Department of Health staff did not align with the most recent guidance available. As a result, strong advocacy efforts were needed by hospitals to obtain this much needed clarification.

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/.**