Highmark's Weekly Capitol Hill Report

Issues for the week ending August 21, 2026

Federal Issues

Legislative

BCBSA's Prescription for Lower Drug Prices

BCBSA recently responded to a Senate Finance Committee (SFC) Minority Staff RFI on drug pricing — a move that could help shape legislation in the next Congress.

Why this matters: This RFI provided an opportunity for BCBSA to advance affordability solutions and inform future legislation that could lower prescription drug prices — one of the biggest factors driving up healthcare spending.

The details: SFC Minority Staff, led by Ranking Member Ron Wyden (D-OR), issued the RFI seeking public input on ways to lower prescription drug costs. This is part of a broader effort to align Senate Democrats around healthcare priorities ahead of the 120th Congress.

What BCBSA said: Their recommendations focused on improving access to affordable prescription drugs, promoting competition and preserving flexibility for plans by calling on Congress to:

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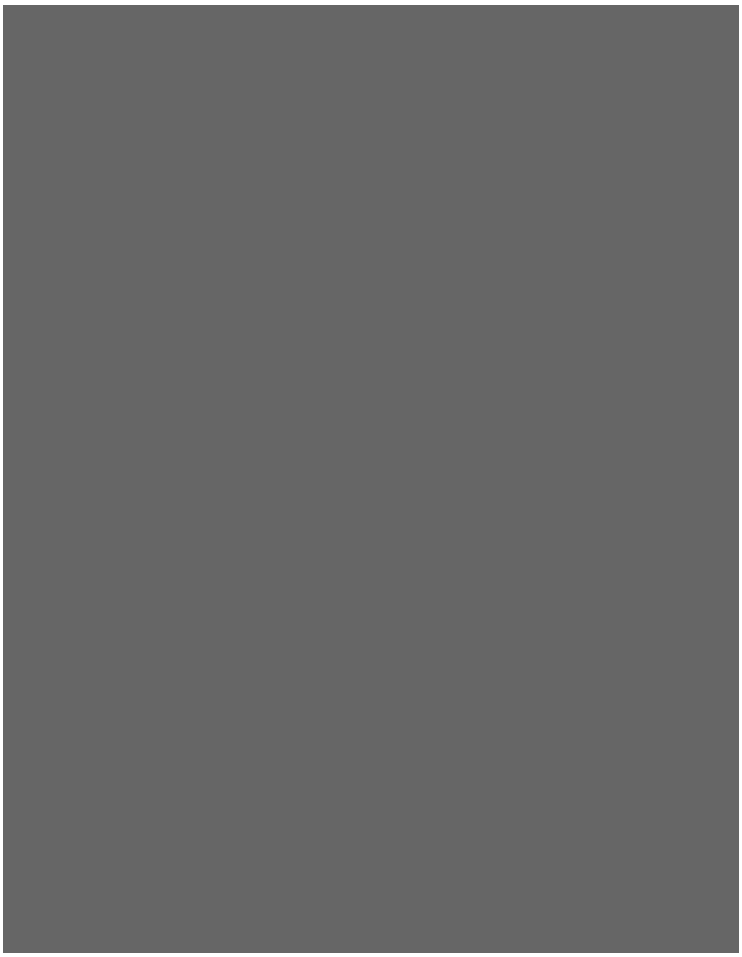
- **At Least 37 States Have Medicaid State Directed Payments for Hospital Services That Could Be Reduced by One Big Beautiful Bill**

- **Protect competition and negotiated savings.** If Medicare-negotiated prices are extended beyond Medicare, health plans should maintain the ability to use formularies, tiering and utilization management — and keep negotiating for better prices.
- **Push for real reform, not band-aids.** Drug coverage under Medicare Part B and D need structural changes that address the root causes of why drug costs keep rising, not temporary stabilization fixes.
- **Build sustainable GLP-1 access.** Congress should support voluntary, alternative payment models that keep Part D plans engaged, hold manufacturers accountable, connect coverage to evidence-based obesity care and expand beneficiary access.

The bottom line: Real affordability means fixing what's driving high costs. We will continue to push for commonsense solutions that will make a meaningful, lasting impact on drug costs and overall healthcare affordability.



Federal Issues

Regulatory

Federal Court Vacates Exclusion of Sex-Trait Modification Procedures from Essential Health Benefits

On Aug. 14, 2026, a federal judge ruled CMS did not follow the law in excluding "certain sex-trait modification procedures" from Essential Health Benefits (EHBs) in the 2025 Program Integrity Rule, and vacated the provision of the rule prohibiting issuers from covering those procedures as EHBs. CMS has not yet issued guidance in response to the vacatur. BCBSA is monitoring the decision and its implications for plan year 2027.

CMS Updates

- **CMS Announces Upcoming Transition to IDR Gateway:** In late 2026, the Federal Independent Dispute Resolution (IDR) process will transition from single-use web forms to a new IDR Gateway platform, which will provide a secure, centralized platform for parties to manage disputes.

Why this matters: The IDR Gateway will allow users to start and respond to disputes, access dispute dashboards, track dispute information, monitor assigned disputes by process phase, and review notifications on dispute activity. The Gateway will also introduce new identity verification and security features. Organizations and individuals that process disputes, represent parties, or submit IDR web forms must sign up for the IDR Gateway. Account creation opens on Sept. 15, 2026. Questions may be directed to IDRGatewayHelp@cms.hhs.gov.

- **CMS Releases FAQs on New EDE Identity Proofing and Agent/Broker Authorization Requirements**

CMS released a FAQ document addressing EDE Change Request (CR) 109, which establishes new requirements for Enhanced Direct Enrollment (EDE) partner platforms to systematically enforce consumer identity proofing and agent/broker authorization for applications or enrollments submitted through the EDE agent/broker pathway ahead of Open Enrollment 2027.

Why this matters: The FAQs clarify that EDE platforms must apply a risk-based framework distinguishing between "high-risk" and "low-risk" applications, with high-risk requiring full identity proofing followed by explicit agent/broker authorization before any enrollment action can proceed. For low-risk applications, a lightweight mechanism such as a one-time passcode or confirmation link is sufficient to capture authorization. These changes are scheduled to go into production on EDE partner platforms on Oct. 12, 2026.

- **CMS Posted Proposed Rating Filings for PY2027**

CMS posted the preliminary proposed rate changes for all PY2027 single risk pool coverage – including both QHPs and non-QHPs in the individual and small group (or merged) markets in all states. Information on proposed rate filings for consumers is available to review at https://secure-web.cisco.com/1XL8IIwTxNrP3cvNaujO996mZ7BjvWSXiZeUWTxmBZE7nQqY1dpdNmMjAwX8rc6_E3BLNZOWI4ITwivocDf71PdD0qE81aBMzuBxmBq4fQpvIlXa_chuvUQawLYygZS-mkMsj6EJi85Wg8svRFu1nSMFOVK4vw0tv5CmV0_WqaiDyDh6Gm1aYYBFcXFubC-YCcg7T4eP0h2v3It3M09SuVwRrlk3mKkanZXpRI7LTR8ZxbgmHZREYLswbtU0evV7IGsXO5pi0PbTp73e0dYW4SCHY9GNM3eWThSCbZZMaAmOEk1ZJHL4bI7dbxmPkO03s/https%3A%2F%2Fratereview.healthcare.gov.

Industry Trends

Policy / Market Trends

At Least 37 States Have Medicaid State Directed Payments for Hospital Services That Could Be Reduced by One Big Beautiful Bill

Published Aug. 14, this KFF analysis quantifies the potential impact of the OBBBA's new caps on state directed payments for hospital services. The analysis finds $60 billion in federal Medicaid spending across 37 states and DC likely exceeds the new limits once fully implemented. Read More.

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 https://www.congress.gov/