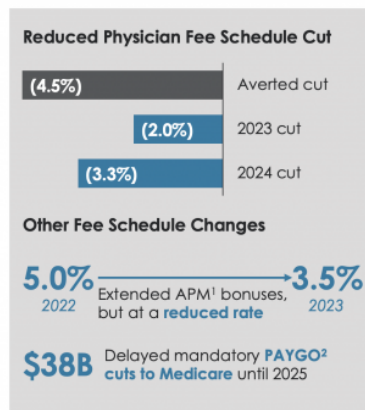


How the Omnibus spending package impacts healthcare

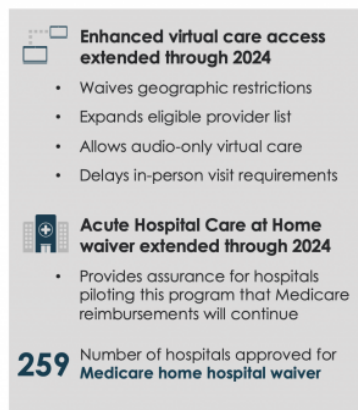
While healthcare wasn't a top priority for lawmakers hammering out the Omnibus bill aimed at keeping the government open through next September, the graphic below outlines the bill's three greatest areas of impact for providers. The package **reduces the planned 4.5 percent 2023 physician fee schedule cut to two percent, while also extending value-based care bonuses in alternative payment models** (albeit at 3.5 percent, instead of five percent). It also delays the \$38B Medicare spending cut required by the PAYGO sequester, pushing that cut out two years. On the telehealth front, **the bill extends Medicare's pandemic-era virtual care flexibilities through 2024, including the "hospital at home" waiver**. It also **sets April 1, 2023 as the start date of a one-year window for states to reassess Medicaid enrollment**, decoupling the start of eligibility redeterminations from the end of the federal COVID public health emergency. Medicaid enrollment grew by 25 percent over the course of the pandemic, but around two-thirds of new enrollees may **lose** eligibility after redeterminations. **Overall, the legislation is a mixed bag for providers. The uninsured population is expected to grow, at least in the short term.** Physician groups had hopes for a complete reprieve from Medicare pay cuts, and the fact that they didn't get it may signal **growing Congressional hesitancy to intervene with the Medicare physician fee schedule in the future**. But the **telehealth extensions may encourage other wider adoption of reimbursement by private insurers, bolstering providers' long-term virtual care investments**.

Omnibus Funding Package for 2023 a Mixed Bag for Healthcare Providers

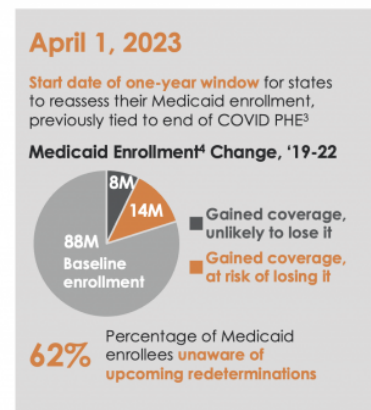
Reducing and Delaying Medicare Payment Cuts



Maintaining Medicare Telehealth Flexibilities



Setting Date for Medicaid Eligibility Redeterminations



1. Alternative payment models.
 2. Pay-as-you-go statute requires mandatory spending not increase federal deficit over 5- or 10-year window.
 3. Public health emergency.
 4. Includes full and partial enrollment.

Source: American Hospital Association, "Congress Passes Omnibus Spending Bill with Health Provisions," 23 Dec. 2022; Centers for Medicare and Medicaid Services, "Acute Hospital Care of Home Resources," 16 Dec. 2022; Williams, et al. "Fiscal and Enrollment Implications of Medicaid Continuous Coverage Requirements During and After the PHE Ends," Kaiser Family Foundation, 10 May, 2022; Gist Healthcare analysis.