

CAPITOL STREET

March 29, 2026

Health Policy Peek: Week of March 30-April 3

MA Final Rates & Technical Rule Release; Congressional Recess; Trump FY27 Budget Friday

THIS WEEK

Congress is on Recess

MA Final Rates 2027: Our Take on Pay Policies & Accompanying Technical Rule (Stars Policy): Final MA rates are due April 6, with early release on April 2 or 3 possible. CMS skin substitute math concerns stakeholders across the board: Wakley [estimates](#) that CMS's change in methodology under the PFS final rule, which is projected to cause Part B payments for skin substitute procedures to drop by nearly 90%, has lowered the overall effective growth rate for 2027 by about 2.8%. Therefore a partial or full fix could lift rates by up to 280 bps.

OUR TAKE: We expect a +1.0-1.5% improvement in the final rates, with ~25% odds that there is an incremental ~100 bps improvement on top. The chart review policy (linking to an actual provider encounter) likely survives but the agency could provide some get out of jail free policies, such as another year to link to the encounter or allowing chart review for brand new patients (our take [here](#)). Updated utilization data should further lift the growth rate (magnitude is unclear). It is unclear how/if CMS will address the skin substitute coefficient issue discussed above.

SEPARATELY: The MA 2027 Technical [Rule](#) will be released either a few days before or after the final rates. Recall, this rule contains Stars measures (outcomes and MAHA focus) that we believe is beneficial to the plan community (our take [here](#)). Separately last week, HHS Deputy and CMS Director Chris Klomp [signaled](#) the administration is exploring auto-enrollment of Medicare beneficiaries into MA calling it "superior" to FFS, though no formal rulemaking has been proposed. We note that Paragon's Brian Blase [pushed back](#) on JEC and MedPAC analyses claiming MA costs more than FFS, arguing both rely on flawed assumptions around coding intensity, enrollee selection, spillover effects, and an incomplete FFS cost baseline.

FY 2027 Budget Request: Trump's FY 2027 budget request is expected as soon as this Friday ([here](#)).

OUR TAKE: While White House budgets are purely aspirational, they provide a glimpse into the administration's priorities and could signal potential items for a second reconciliation bill and/or plans for tariffs, MAHA, and program integrity initiatives. Recall, the Trump administration's FY 2026 budget request included a proposed reorganization and 40% cut to NIH, which Congress did not implement; and the restart of Medicare's competitive bidding program for durable medical equipment, which did occur (our take [here](#)). Policy priorities we could see: MFN codification; site neutral for hospitals; MedTech friendly policies (TCET/MCIT 2.0 [here](#)).

ANY DAY NOW

CVS FTC Agreement/Settlement: A proposed settlement with CVS Caremark was reached last week, with formal details TBA imminently. The FTC final 6B report may be delayed to post CVS and UNH announcements, or Spring/Summer 2026.

OUR TAKE: We expect CVS and UNH settlements to mirror the CI agreement from February, including transparency requirements, access to TrumpRx, focus on net pricing, and domestic onshoring of GPOs (for UNH), with compliance by Jan 1, 2028. The 6B report will likely focus on specialty pharmacies, affiliated pharmacy payments and the role of GPOs.

New CBER Director: CBER Director Vinay Prasad is (once again) leaving the FDA in March/April, FDA is expected to announce a replacement CBER Director (or acting Director) *prior* to his departure, which is any day now.

OUR TAKE: We think that Chris Klomp is key to selecting the new Director or Acting CBER Director, who is likely a low-key competent individual that may not be on our short-list below. Prasad's departure preludes more consistent reviews and stability at the FDA; we have previously written on the dysfunction at the FDA and CRLs (here and here). Potential candidates include: **Amy Comstock Rick J.D.**, Associate Director for Rare Disease Strategy at CDER; **Peter K. Honig, MD, MPH**, ex-FDA, first Director of the Office of Drug Safety at CDER; **Katherine Szarama, PhD**, Current Deputy Center Director for CBER; and **Tracy Beth Høeg M.D., Ph.D.**, Acting Director of CDER.

BY MID-APRIL

Medicare's Proposed 2027 Payment Rules (Hospital, Rehab, Hospice, SNF, Psych) The agency's proposed 2027 rules for Inpatient Hospitals/LTCH, Psych, IRF, SNF, & Hospice are expected by mid-April. All of the regulations are under review at the White House's Office of Management and Budget (here).

OUR TAKE: We do not expect CMS to lower the boom on inpatient hospitals. Market basket and productivity measures are largely fixed. Sure the agency can be creative, but we are not terribly worried about a negative proposed IPPS update in 2027. We expect site neutral in imaging/rad onc to appear in the proposed hospital outpatient rule (HOPPS), which is due on or around July 1, 2026.

IRF: What is the transfer rule? Could CMS bring it back... We don't know, but the IRF rule is due in the next few weeks. Medicare's transfer policy reduces a hospital's payment from a full DRG (diagnosis related group) rate to a per-diem amount when a patient is discharged earlier than the average length of stay and moved to a post-acute care setting like home health. This rule already applies to acute-care hospitals, but not to IRFs. IRFs still receive their full case-mix group payment regardless of how early a patient is discharged to a home health setting. OIG has recommended CMS close this gap by extending the transfer policy to IRFs for early discharges to home health, estimating it could have saved Medicare ~\$993 M out of \$4.8 B in IRF payments in 2017-2018, likely much higher today given the growth of the program. CMS has agreed to "consider" the recommendation, noting it would require formal rulemaking.

ON THE HORIZON

- CMS IRA IPAY 2028 Guidance (**Late March-Early April 2026**)

- FTC PBM 6B study final report (**may not be released for some time due to pending FTC settlements with CVS & UNH**)
- CVS & UNH FTC Agreements/Settlements (**1H 2026**)
- President's Budget (**April 3, 2026**)
- Final MA & Part D Rule (**March/April 2026**)
- CMS proposed FY27 Inpatient Hospital/LTCH, Psych, IRF, SNF, & Hospice rules (**April 2026**)
- CMS MA Final Rates '27 (**by April 6, 2026**)
- MedPAC meeting (**April 9-10, 2026**)
- CMS IRA drug negotiation (2028) town hall (**April 22-23, 2026**)
- CMS launch of BALANCE model in Medicaid (**May 2026**)
- ITC Hearing on Chinese state support and pricing practices in biotech (**May 27-28, 2026**)
- Sec. 232 report on medical devices due to White House (**May 30, 2026**)
- Deadline for CMS to send an initial offer for 2028 selected drug (**June 1, 2026**)
- FDA hearing on Commissioner's National Priority Voucher (CNPV) Pilot Program (**June 12, 2026**)
- CDC ACIP meeting (**June 24-26, 2026**)
- CMS proposed CY27 Outpatient Hospital/ASC, PFS, Home Health, & ESRD rules (**Early July 2026**)
- CMS launch of Medicare GLP-1 Bridge in Medicare (**July 1, 2026**)
- USMCA joint review (**July 1, 2026**)
- CMS final FY27 Inpatient Hospital/LTCH, Psych, IRF, SNF, & Hospice rules (**August 2026**)
- Start of FY 2027 (**Oct. 1, 2026**)
- CMS launch of GLOBE model in Medicare Part B (**Oct. 1, 2026**)
- CDC ACIP meeting (**Oct. 21-23, 2026**)
- CMS final CY27 Outpatient Hospital/ASC, PFS, Home Health, & ESRD rules (**Early-Nov, 2026**)
- Deadline for CMS to publish 2028 negotiated maximum fair prices (**Nov. 30, 2026**)
- Mid-term elections (**Nov. 3, 2026**)
- CMS CY2027 Clinical Lab Fee Schedule (**Late-December 2026**)
- CMS launch of BALANCE model in Medicare Part D (**January 2027**)
- CMS launch of GUARD model in Medicare Part D (**Jan. 1, 2027**)
- CMS MFP Effective for 2027 Selected Drugs (**Jan. 1, 2027**)
- FDA PDUFA and MDUFA reauthorization deadline (**Oct. 1, 2027**)

CMS Coverage Decisions

- CMS Final NCD on Biomarker Tests for Colorectal Cancer Screening (**June 8, 2026**)
- CMS Draft NCD on TAVR for Asymptomatic Patients (EW) (**June 15, 2026**)
- CMS Final NCD on TAVR for Asymptomatic Patients (EW) (**Sept. 13, 2026**)

Ipsita Smolinski
Managing Director | Capitol Street
 ipsita@capitol-street.com

202.250.3741 | www.capitol-street.com

900 19th St NW 6th Fl
 Washington, D.C. 20006

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