

Government Relations Update – January 28, 2025

Pennsylvania Issues

- **Pennsylvania Health Insurance Marketplace (Pennie)**. Pennie became Pennsylvania's official healthcare marketplace in 2020, and it allows subscribers to choose between various Affordable Care Act (ACA) approved plans. In 2024, approximately 435,000 Pennsylvanians enrolled for healthcare insurance through Pennie. On January 22, 2025, Pennsylvania officials announced a record-breaking open enrollment of 496,661 Pennsylvanians through Pennie for 2025. If subsidies implemented by the American Rescue Plan Act are not extended by Congress for 2026, officials cautioned that enrollees could see an average premium increase of 81% next calendar year, which will significantly decrease enrollment.

Federal Issues

- **Proposes Changes to HIPAA**. On December 27, 2024, the Office for Civil Rights within the United States Department of Health and Human Services issued a Notice of Proposed Rulemaking to modify the Health Insurance Portability and Accountability Act of 1996 (HIPAA) Security Rule in an effort to strengthen cybersecurity protections for electronic protected health information. The proposed rule would update the standards required by the Security Rule to better address threats to the health care sector. St. Luke's Compliance and Information Technology Departments confirmed St. Luke's already deploys protocols at or above the proposed standards. However, St. Luke's is advocating for similar security requirements for business associates, vendors, and group health plans.
- **President Donald Trump Executive Orders**. On January 20, 2025, President Donald Trump signed a series of executive orders rescinding key healthcare policies enacted under the Biden administration. The orders target a broad range of healthcare issues.

One order reversed a directive to the Center for Medicare and Medicaid Innovation (CMMI) to explore new drug pricing models. These models aimed to reduce medication costs by requiring Medicare Part D plans to cover generics, enhancing access to gene therapy treatments, and supporting Medicaid agencies in negotiating prices for high-cost therapies. Another order initiated the withdrawal of the United States from the World Health Organization (WHO), a process expected to take a year to implement. The United States contributed \$1.3 billion to the WHO in 2022 and 2023. The withdrawal is expected to affect global public health initiatives, including the WHO's ability to combat ongoing global health concerns, such as HIV, polio, and avian flu.

President Trump also rescinded an executive order from President Biden that tasked federal agencies with developing a regulatory framework for artificial intelligence (AI) so that AI is used safely and effectively in healthcare decision-making. Without these regulations, healthcare organizations will have greater flexibility in deploying AI but could face challenges related to accuracy and oversight.

- **Potential Healthcare Spending Cuts**. According to a document made public on January 10, 2025, House Republicans are circulating a proposal with more than \$5 trillion in spending cuts, including a reduction of \$2.3 trillion in Medicaid spending over ten years. The proposal would eliminate \$46 million in annual ACA plan subsidies and save \$146 billion over ten years by implementing a Medicaid site-neutral payment policy.