



Welcome to *Washington Update*, the weekly e-newsletter on the latest health care happenings in the nation's capital that affect APG's members.

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Next Round Of Negotiation Over Medicare Drug Prices Highlights Potential Costs Of Covering Anti-Obesity Drugs

Three top-selling diabetes drugs — Ozempic, Rybelsus, and Wegovy — lead the [list of 15 medications](#) whose prices Medicare will negotiate this year, the Centers for Medicare & Medicaid Services announced today. The announcement focuses new attention on these medications' prices, given the Biden Administration's recent [proposal](#) that they also be covered by Medicare for obesity treatment and the incoming Trump administration's desire to rein in federal spending.

Medicare's Part D program spent \$14.4 billion on the three medications for nearly 2.3 million beneficiaries from November 2023 to October 2024, CMS said. Medicare coverage of anti-obesity medications would increase federal spending by about \$35 billion

from 2026 to 2034, according to a recent estimate by the Congressional Budget Office.

Assuming that the incoming administration proceeds with the price negotiations, as required under the Inflation Reduction Act, the process is expected to follow a similar timeline as the first round of negotiations in 2023-2024, taking about a year. Also on the list of drugs to be negotiated are the costly cancer drugs Xtandi, Ibrance, and Calquence, as well as the psoriasis drug Otezla, among others.

Separately, the Assistant Secretary for Planning and Evaluation also released [estimates](#) showing that the \$2,000 out-of-pocket cap on beneficiary expenditures in Part D that took effect this year will save \$7.2 billion for the roughly 11 million beneficiaries whose spending would otherwise exceed the cap. The savings amount to about \$600 per enrollee, and as much as \$1,100 for those who don't qualify for Part D's low-income subsidy.



Incoming Administration Tees Up Team To Join Dr. Oz In Leading CMS

The team that will lead the Centers for Medicare & Medicaid Services under the Trump administration is taking shape, according to APG's sources and various news reports.

Although a Senate confirmation hearing for administrator-designate [Mehmet Oz, MD](#) has yet to be scheduled, it is widely expected that he will be confirmed. Oz's chief of staff will then be [Stephanie Carlton](#), a former McKinsey partner, trained registered nurse, and former Republican lead staffer focused on Medicare Advantage and Medicaid on the Senate Finance Committee. [Chris Klomp](#), a former Bain & Co. consultant, health care entrepreneur and founder and former CEO of Collective Medical, a care coordination network focused on safety net populations, will head the Center for Medicare. Former Mississippi Medicaid director [Drew Snyder](#) is expected to lead the Center for Medicaid and CHIP Services.

[Abe Sutton](#), who served in the White House and at the Department of Health and Human Services in the first Trump administration, will return to lead CMS's Innovation Center. APG knows and has worked with many of these individuals and looks forward to engaging with them on many issues critical for APG's members.



MedPAC Opens The Door To A One-Time Inflation Adjustment In The Medicare Physician Fee Schedule

Congress should raise Medicare physician payment rates in 2026 by the standard measure of practice cost inflation minus 1 percentage point, the Medicare Payment Advisory Commission (MedPAC) recommended this week. If adopted by Congress, the recommendation would mean that the Medicare Physician Fee Schedule would rise by 1.3 percent that year – that is, the rate of the so-called Medicare Economic Index, which MedPAC estimates will rise at about 2.3 percent in 2026, minus one percentage point.

In a companion recommendation, the commission also proposed, as it did in 2023, that Congress create a new set of add-on payments for services provided to low-income beneficiaries – a measure that could help to maintain enough physicians in practice to accommodate these beneficiaries' needs. These add-ons would increase payments to primary care providers by 15 percent and 5 percent for all other clinicians for services provided to low-income beneficiaries.

The combined effect of both policies would increase the average payments to physicians under the physician fee schedule by about 3 percent, with the size of any increase for an individual clinician varying by specialty and patients treated. If Congress enacted these changes, MedPAC estimates, federal spending would rise by \$1-2 billion over one year and \$10-\$25 billion over five years.



Accountability In Traditional Medicare Is Rising Toward The 2030 Goal, CMS Says

Five years remain to meet the CMS goal of having 100 percent of traditional Medicare beneficiaries in accountable relationships with their care providers by 2030, and CMS [said](#) this week that the program is more than halfway toward that goal. According to a [fact sheet](#) released this week, 14.8 million people – 53.4 percent of the traditional Medicare beneficiaries who are enrolled in both Parts A and B of the program – are now in these accountable relationships, up by 4.3 percent from a year ago.

CMS defines “accountable relationships” as being attributed to a Medicare Shared Savings Program (MSSP) ACO, the ACO REACH model, or several of the models run by the Innovation Center at CMS, such as Making Care Primary, Maryland Total Cost of Care, the Enhancing Oncology Model, and Guiding an Improved Dementia Experience (GUIDE), among others.

CMS also reported that 228 applications for the Medicare Shared Savings Program (MSSP) were accepted for the 2025 performance year, bringing the number of these participating ACOs to 476. That number represents an increase from the [453 organizations that participated in 2023](#), but below the 482 that participated in 2022.



In Case You Missed It

- Government payments to MA plans would increase by 4.3 percent on average in 2026, or by some \$20 billion, as proposed in CMS's latest [MA Advance Notice](#) released on Jan. 10. APG [welcomed](#) the proposal as signaling some stability for the program. As APG continues to sift through the details, it will host a **Learning Session Webinar** on Wednesday, January 29, 12:00-1:00 pm ET. You can register for the webinar [here](#). APG will also host a members-only **Focus Group** meeting on Tuesday, February 4, 12:00-1:00 pm ET, to solicit feedback about the MA 2026 Advance Notice. MA Coalition members should watch for an email with a registration link. Comments on the proposed regulation are due to the agency by February 10.
- Dementia cases in the United States are expected to double by 2060, with roughly 1 million people per year expected to develop the condition, according to a new [study](#) published in Nature Medicine. The rise in cases is expected to be especially pronounced in Black adults.
- More than 2,000 commenters replied to three federal agencies' joint [request for information](#) about consolidation, corporate ownership, and private equity investment in health care, according to a [summary](#) published by the Department of Health and Human Services. The summary noted that "hardly any commenters praised consolidation;" that more than 40 percent of the comments mentioned private equity; and that 95 percent of those were negative. APG's more nuanced comments, not cited in the summary, are [here](#).



APG Announcements And Offerings

- APG will host an **Emerging Trends in Health Care Webinar** on **Wednesday, February 12, 2:00 pm – 2:45 pm ET**, with guest [Seema Verma](#), Executive Vice President and General Manager of Oracle Health and Life Sciences, and former

administrator of the Centers for Medicare & Medicaid Services (CMS). Register for the webinar [here](#).

- Registration is now open for the [APG Spring Conference 2025](#) — **Kickstarting Accountable Care: Innovations for an Urgent Future, May 14-16, in San Diego, CA**. APG Members who register by February 14 save \$300 with the Super Early Bird rate. APG Partners and non-members save up to \$200 with regular Early Bird registration that ends March 14. Groups of 5 or more that register together receive an additional \$50 savings per registrant. **New this year: bundle your savings!** All APG Spring Conference 2025 registrants will have an opportunity to register for the APG Fall Conference 2025 at the lowest price of the year, with discounts up to \$400. Simply follow the link on your Spring Conference confirmation e-mail to register for Fall now!
- Sponsorship is open for the **APG Spring Conference 2025**, May 14-16, in San Diego. Visit our [Spring Conference 2025 sponsor website](#) and reserve your space today!
- Want to get more involved in APG's Federal advocacy efforts? [Join APG Advocates today](#).

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