



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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## **As Transition To Trump Administration Continues, Nominees For Key Posts Signal Health Care Shakeups**

Nominees for key positions in the incoming Trump administration continue to send signals that, if confirmed, they intend to shake up health care, with uncertain implications for the system and for APG members.

According to multiple news reports, Robert J. Kennedy Jr., the nominee to lead the U.S. Department of Health and Human Services (HHS), is considering an overhaul of the Medicare Physician Fee Schedule (MPFS) to shift its emphasis more toward primary care and prevention. The *Washington Post* [reported](#) that, while "in early stages," Kennedy's plan would "review the thousands of billing codes" in the fee schedule, with at this point no indication of the outcome of a review. The publication [STAT](#) had earlier reported that Kennedy was particularly aiming at the influence of the [AMA/Specialty Society RVS Update Committee \(RUC\)](#) in determining the [relative values units](#) in the fee schedule, and that Kennedy had "sparred with the AMA in the past over his views on vaccines."

**The new face of CMS?** In yet another potential sign of coming change, President-elect Trump announced the nomination of [Mehmet Oz, MD](#), to lead the Centers for Medicare and Medicaid Services, the HHS agency overseeing the coverage of 160 million Americans through those two programs as well as the Children's Health Insurance Program and the Affordable Care Act's Marketplace plans. Known most recently for his long-running television program, *The Dr. Oz Show*, Oz is also professor emeritus of cardiothoracic surgery at Columbia University, which [cut ties](#) with him in 2022 after years of controversy over [non-evidence-based medical claims](#) that he made on his show. He also ran as a Republican for a Senate seat from Pennsylvania in 2022 but lost to the now incumbent, Democratic Sen. John Fetterman.

Oz is not known for holding any particular views on value-based care, but in 2020, he co-authored a [commentary](#) in *Forbes* with former Kaiser Permanente CEO George Halvorson advocating for universal health insurance through access to Medicare Advantage plans. The article proposed funding such an arrangement through a 20 percent payroll tax, paid half by employers and the balance by individuals. Oz, like Kennedy, has also advocated for prevention to improve health outcomes, a cornerstone of value-based care.

**What's ahead:** Assuming that Kennedy's and Oz's nominations proceed, the Senate is likely to hold confirmation hearings sometime after it reconvenes in January. Lawmakers will undoubtedly seek further clarification of their views on these and other key health care topics.

APG has long [advocated](#) for changes in the MPFS to increase rewards for primary care and more cognitively-oriented specialties relative to many procedure-based forms of practice. Any major reworking of the MPFS along the lines that Kennedy is apparently discussing would require congressional legislation and the involvement of key committees that have oversight of Medicare, such as the Senate Finance Committee, the House Energy and Commerce Committee and the House Ways and Means Committee. APG will keep members apprised of developments.



## **APG's California Members Likely To See Higher Payments For Primary Care Thanks To New State Spending Targets**

As reported this week in *Washington Update's* companion newsletter, [California Update](#), that state has joined a list of at least six others that have set aggressive targets to hike spending on primary care. California also appears to have set a high watermark

among the states, with the state's [Health Care Affordability Board setting a goal](#) of having health insurers in the state devote 15 percent of their spending to primary care by 2034.

Worldwide, primary care spending among highly developed nations [averages 13 percent](#) of total health spending, compared to the U.S. average of 7 percent. The even higher California target suggests that there will be higher payment rates for primary care providers or more comprehensive payment arrangements that provide more resources to primary care. Given that the state overall is targeting [tight state health spending targets](#) – starting at 3.5 percent for 2025 and 2026 and phasing down to 3 percent for 2029 and beyond – the primary care spending goal suggests at least a temporary reallocation of spending away from specialty-oriented care.

According to [recommendations](#) from California's Office of Health Care Affordability (OHCA), the state's insurers will be expected to increase primary care spending by 0.5 percent to 1 percent of total medical expenditures annually to achieve the 2034 goal. OHCA's parent agency, the Department of Health Care Access and Information, will collect both claims and non-claims-based data to gauge the results. APG's member organizations that are in capitated or "delegated" relationships with health plans will, in turn, most likely be subject to relevant data reporting requirements as well. But they will also be able to seek new payment and incentive arrangements with health plans that can allow them to expand primary care teams and build infrastructure.

APG continues to herald these capitated/delegated arrangements as critical pathways for moving to greater value-based care throughout U.S. health care. They remain an important alternative to the fee-for-service system typified by the Medicare Physician Fee Schedule referenced above.



## In Case You Missed It

- Nearly a quarter of working-age adults incurred out-of-pocket medical costs in 2024 equal to 10 percent or more of household income, **a benchmark of underinsurance**, according to a newly-released Commonwealth Fund [survey](#). For people with household incomes below twice the federal poverty level, these out-of-pocket costs averaged 5 percent of income, and the individual or family deductible was 5 percent or more of household income, the survey showed.
- The United States has splintered into **ten different "Americas" with a life expectancy gap of up to an average 20.4 years as of 2021**, according to an [analysis](#) published in

*The Lancet*. The ten Americas are Asian; Latino, with a separate category for Latinos in the Southwest; majority White and Asian; majority White and non-metropolitan; White in low-income Appalachia and the Mississippi Valley; Blacks in three categories, including highly segregated metropolitan areas and in the non-metropolitan and low-income South; and Indian or Alaska Native, mostly in the West.



## APG Announcements And Offerings

- *Washington Update* will not publish on Friday, Nov. 29 in light of the Thanksgiving holiday weekend.
- The next APG Hosted Webinar, "**Approaches to Systemic Obesity Care: Utilization of Pathways & Protocols to Create a Comprehensive Obesity-Care Program,**" will take place on **Tuesday, December 3, 3:00-4:00 pm ET, featuring [Angela Fitch, MD](#)**. The webinar will be presented by Novo Nordisk. Register [here](#).
- Want to get more involved in APG's Federal advocacy efforts? [Join APG Advocates today](#).

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