

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

Table of Contents

- **Administration's Health Care Fraud Crackdown Once Again Targets California And New York**
- **Initiatives Aimed At Women's Health, Alzheimers And Other Dementias Unveiled**
- **In Case You Missed It**
- **APG Announcements and Offerings**

Administration's Health Care Fraud Crackdown Once Again Targets California And New York

The Trump administration's crackdown on alleged health care fraud – centered on Democratic-led states – continued this week as the Centers for Medicare & Medicaid Services (CMS) deferred another $1.2 billion in federal funds for California's Medicaid home and community-based services program, on top of more than $2 billion in federal Medicaid funds previously deferred for the state. CMS cited no new specific evidence of fraud in the state's In-Home Supportive Services (IHSS) program, which provides personal-care services at home for eligible aged, blind, and disabled individuals needing long-term care who would otherwise be institutionalized. But CMS administrator Mehmet Oz, MD, said that the 24 percent growth in spending in the program over the last three years – a rate that he said was double the average of other

states – was "impossible for us to understand how that could be so, so we are taking major action again."

Coming just three weeks before the midterm elections, the announcement capped a year during which the administration has focused much of its purported Medicaid fraud crackdown on states with Democratic governors, including California, New York, and Minnesota (*Washington Update*, April 24, 2026 and May 15, 2026),"Fraud in Minnesota rhymes with fraud in California," Oz said at a White House briefing this week, underscoring the connection for anyone who had missed it. Also this week, Oz joined New York State, city, and federal officials in searches of about a dozen adult day care centers in New York City as two Staten Island operators were arrested for billing Medicaid for care for hundreds of older adults who were allegedly never served. CMS also gave the state 90 days to address what it said were failures of oversight for managed long-term care plans and said it would launch an audit of New York's spending on Medicaid personal care services.

Cost drivers beyond fraud: The dispute over California's IHSS program comes as caseloads of those needing in-home services under the state's Medi-Cal program have been growing rapidly, rising by between 8 percent and 10.5 percent annually for the past several years and now totaling about 900,000 individuals statewide. But the primary driver of costs is said to be the cost of services per hour – wages and benefits paid to caregivers, which have been rising about 5.6 annually since 2014, according to a nonpartisan state legislative analysis. A recent hike in the state's minimum wage to $16.90 per hour has also played a role. Although various investigative reports have asserted that fraud in the program is rampant – including through organized fraud networks operating in certain communities – it is far from clear what percentage of the roughly $33 billion now spent annually on the IHSS program is fraudulent. California Attorney General Rob Bonta announced this week that an investigation he led into potentially fraudulent home care yielded charges against 103 home care providers for defrauding IHSS out of $4.5 million – .01 percent of the program's annual cost – as some workers charged for home care while patients were in hospitals or nursing homes.

Whatever the true dimensions of health care fraud, it is clear that the administration now wants to employ a combination of sticks and carrots to root out more of it. The White House said this week that it hopes to elicit more tips about fraud through a $25 million whistleblower program that will pay a 1 percent commission up to $30,000 for tips that lead to convictions or major federal enforcement actions. The Department of Health and Human Services (HHS) and the Justice Department have also launched a six-month pilot program under which health care companies can voluntarily disclose potential civil violations of the federal False Claims Act and be released from liability under specified

circumstances. Companies have until next April 22 to make their disclosures.



Initiatives Aimed At Women's Health, Alzheimers And Other Dementias Unveiled

Given controversies over its unpopular vaccines policies and voters' concerns about health care costs and Medicaid cuts, the Trump administration has also been eager to showcase more popular programs that speak to other high-priority health concerns. This week brought two more examples that combined some already-announced programs with new initiatives, as follows:

- The announcement, via an executive order, of a new **Women's Health Division within the National Institutes of Health (NIH) and a new White House Women's Health Task Force** to advance the science of women's health across the life span. (The order also revoked two similar ones issued earlier by the Biden administration). It is unclear where the new NIH division would sit on the agency's organization chart, as it would not be a separate center or institute, and is directed to work with the existing NIH Office of Research on Women's Health. Although the order declared that "more research is needed in critical aspects of women's health," ranging from cardiovascular disease to menopause, no funding for the new division was announced. The new task force of cabinet secretaries and others is to be chaired by HHS Secretary Robert F. Kennedy, Jr., and President Trump's chief of staff, Susie Wiles, who recently underwent treatment for breast cancer.

- A **National Plan to Address Alzheimer's Disease and Related Dementias** with a "coordinated framework for federal action" across multiple agencies "to protect brain health, accelerate scientific progress, improve dementia care, and strengthen support for patients and families," HHS said. The effort will have a purported new emphasis on earlier detection and faster development of better diagnostics and treatments. One new feature: An Alzheimer's Prevention Accelerator at the Food and Drug Administration, aimed at supporting clinical trials in prevention and treatment of the disease through innovative trial designs, identification of biomarkers, and uses of computer simulations and statistical analysis to predict how a drug will behave in the body. Other

goals include devising a set of "core clinically meaningful outcomes" for people living with Alzheimer's to inform clinical trials and health care delivery.

In Case You Missed It

- **CMS says "risk-bearing entities" such as Medicare ACOs can take active steps to refer their aligned beneficiaries to participants in its Innovation Center's ACCESS Model**. Starting in 2028, the agency will count any payments received by ACCESS participants for helping ACO-aligned beneficiaries achieve specific health outcomes in ACO benchmarks and performance year calculations.

- **Medicare Advantage (MA) plans will be required to verify and update their provider directory information at least every 90 days beginning in 2028 under a new CMS proposed rule** implementing recently enacted federal law. CMS also proposes that MA enrollees who rely on inaccurate directory listings that lead them to receive care from an out-of-network provider pay no more than their in-network cost-sharing amount.

- **Wellness entrepreneur Calley Means resigned as senior adviser to HHS Secretary Kennedy,** reportedly over frustrations that the Make America Healthy Again agenda that he backed had stalled within the White House.

- **U.S. workers now pay an average $7,471 a year for family health coverage, up 9 percent from 2025,** KFF reports in its annual employer health benefits survey for 2026. Average total family premiums, including the employer's share, rose 5 percent to $28,303.

- **Forty-six percent of adults ages 19-64 had inadequate health coverage in 2026;** they were either uninsured (11 percent), had a temporary coverage gap (12 percent), or were underinsured (23 percent), meaning that they had coverage but their plan "didn't provide affordable access to care," a new Commonwealth Fund survey reports.

- **The median annual net price of newly launched U.S. pharmaceuticals approved in 2025 was roughly $257,000, a 35 percent increase from 2022**, according to a new report released by the Institute for Clinical and Economic Review (ICER) and West Health.

- **Medicaid state-directed payments to academic medical centers often raise payments to well above Medicare rates,** suggesting that these arrangements will be among those most at risk amid reforms stemming from the 2025 federal reconciliation law, a new study published in *Health Affairs* says.

- **One in three medical doctors in all high-income countries (HICs) is expected to retire within the next ten years,** suggesting a widening of the current health care workforce gap, according to a new report by the World Health Organization. HICs have an even higher share of health workers aged 55 years and above than do low-income countries.

APG Announcements And Offerings

- Please register now for the **APG Fall Conference 2026 - From Policy To Practice: *What's Next For Accountable Care?*** to be held November 18-20 at the Gaylord National Resort and Convention Center in National Harbor, Maryland near Washington, DC. Hotel deadline extended to
- **Also, please visit our Fall Conference 2026 sponsor website for more information** about sponsorships and exhibitor opportunities.
- The APG hosted webinar, "**Preventing Diabetic Ketoacidosis (DKA) in Type 1 Diabetes: Early Screening for At-Risk Populations**," presented by Sanofi, will take place **Thursday, November 5, 2:00 pm ET**. Please register **here**.
- APG members are invited to an **APG Pharmaceutical Care Forum**, which will take place on **Tuesday, December 1, 8:00 am - 3:00 pm PT**, at Baker Tilly, 2040 Main Street, Irvine, CA, 92614. For more information or to register, APG members may contact Norma Springsteen at nspringsteen@apg.org.
- **Want to get more involved in APG's Federal advocacy efforts?** Join APG Advocates today.

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