KPMG

Around the world of US healthcare in 360 words or less

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Editor’s note

This series is produced by KPMG Healthcare and is intended to be short and succinct, less than 360 words, to provide a weekly digestible bite of healthcare regulatory, policy, and industry news relevant to our clients. Links are provided to source material (proposed and final regulations, agency guidance and press releases, reports, research, etc.) when available. Please share this email with colleagues and other interested individuals, and encourage them to subscribe to our mailing list here.

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Healthcare regulatory news

CMS proposed to limit provider and managed care taxes that states use to fund Medicaid. The rule seeks to implement H.R. 1 provisions passed last summer and is intended to prevent states from ensuring that providers are refunded for their tax costs. CMS estimates the changes will reduce federal Medicaid spending by $246B over the next decade.

HHS, in collaboration with the White House, is organizing a group of experts to develop standards for the evaluation and benchmarking of clinical AI. The initiative will involve a sprint of written submissions and virtual sessions, aiming to create a consensus on principles for trustworthy and effective AI use in healthcare.

According to data recently released from CMS, disputes filed under the No Surprises Act increased by 16% in the second half of 2025 compared with the first half. Providers initiated most cases and won approximately 85% of decisions, resulting in payouts of nearly $15B.

Healthcare law and policy news

A federal appeals court ruled that drug manufacturers must obtain HHS approval before imposing new 340B rebate models. The decision affirms the HHS Secretary's authority over the program and presents a setback for some manufacturers who have sought to implement changes without federal involvement.

A new report from HHS OIG found that states can enhance the enforcement of Medicaid fraud referrals from managed care organizations (MCOs) by clarifying and standardizing contractual requirements. The analysis revealed inconsistencies across state contracts in referral definitions, timeframes, and consequences for non-compliance, leading the OIG to recommend that federal agencies work with states to improve oversight and feedback mechanisms.

Molina Healthcare will further reduce its ACA Marketplace footprint due to retaining sicker than expected members this year and the recent expiration of enhanced federal subsidies. The insurer plans additional market contractions in 2027 to manage rising medical costs and stabilize margins, consolidating its ACA membership from fourteen states down to six.

CMS is appealing a federal court's ruling that had previously ordered the agency to recalculate MA star ratings for Clover Health. The appeal follows the plan’s successful lawsuit, which claimed that a number of the metrics used to calculate its star ratings were illegal and unfair, leading to significant financial losses.

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