



Around the world of U.S. healthcare in 360 words or less



July 21, 2025 | Issue 377

Editor's note

This note is produced by KPMG's Federal Healthcare Advisory Practice and is intended to be short and succinct, less than 360 words, to provide a digestible bite of news relevant to our clients and practices. Links are provided to source material (proposed and final regulations, agency guidance and press releases, reports, research, etc.) when available.



Healthcare regulatory news

CMS released the Calendar Year (CY) 2026 Physician Fee Schedule Proposed Rule ([CMS-1832-P](#)), marking the first increase in physician payments in nearly 5 years with a conversion factor rise of approximately 3.8% for those participating in Advanced Alternative Payment Models. The rule introduces efficiency adjustments along with a new mandatory model to hold specialists accountable for managing conditions such as heart failure and back pain. Stakeholders have praised the move to improve payments for primary care physicians, but [raised concerns](#) about the impact of reimbursement cuts for specialists.

CMS also released the CY 2026 Outpatient Prospective Payment System Proposed Rule ([CMS-1834-P](#)), which includes a 2.4% increase in payment rates and hospital price transparency provisions. While stakeholders acknowledged efforts to update payment systems, some advocates have [called](#) the payment increase insufficient amid financial pressures on rural and underserved hospitals, particularly opposing site-neutral payment expansions and the accelerated phase-out of the inpatient-only list.



Healthcare law and policy news

A [lawsuit](#) against Blue Cross and Blue Shield of Kansas City alleges the insurer denied over 350 medical diagnoses using AI-powered clinical validation audits, resulting in over \$2M in unpaid claims. AdventHealth Shawnee Mission Medical Center alleges the insurer used undisclosed, flawed criteria for its decisions, in violation of state and federal laws.

Connecticut Governor Ned Lamont signed [legislation](#) to petition HHS to facilitate and authorize state production of more affordable generic versions of GLP-1 medications like Ozempic and Wegovy. The initiative aims to reduce state spending on such medications and includes provisions to pay royalties to patent holders while collaborating with generic manufacturers.

An evaluation of the Pennsylvania Rural Health Model, designed to improve financial stability for rural hospitals through global budget payments, [found mixed evidence](#) of its success. The study found that although the model provided some benefits, investments in rural hospitals likely require broader, long-term focus beyond payment reforms alone.

The 2025 National Health Care Fraud Takedown [resulted](#) in criminal charges against 324 defendants across 50 federal districts, involving over \$14.6B in alleged fraudulent Medicare and healthcare claims, marking the largest healthcare fraud enforcement action in the nation's history.



Questions or comments, please send to us-hclspractice@kpmg.com.

kpmg.com/socialmedia



[Privacy](#) | [Legal](#)

You have received this message from KPMG LLP. If you wish to unsubscribe from Around the world of U.S. healthcare in 360 words or less, please [click here](#). If you wish to unsubscribe from all KPMG communications, please [click here](#).

KPMG LLP, 3 Chestnut Ridge Road, Montvale, NJ 07645

© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. USCS011380-1B

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.