

## Healthcare Services

### Medicare Advantage Policy Fireside Chat with Andrew Schwab, CEO of Platform Government Strategies

At the 43rd J.P. Morgan Healthcare Conference, we hosted a fireside chat with Andrew Schwab, CEO of [Platform Government Strategies](#) and former Head of Government Affairs for Oak Street Health, focusing on the potential for changes to Medicare Advantage under the second Trump administration. As in our previous [conversations](#) with Mr. Schwab, we found his views insightful, covering a wide range of facets of the MA program and the current comings and goings at CMS and health policy more broadly. In short, we agree with his perspective that Trump's CMS will be responsive to private industry in a way the previous administration was not; however, we caution that we may not see the panacea some may hope for. We highlight our key takeaways below:

- **This is not a “traditional” Republican party, and Medicare Advantage might not receive “traditional” favor from the new CMS.**
  - Before the election, there was a stark difference between the Dem/GOP posture on MA, and it is reasonable to expect Trump's CMS to be more favorable for private sector participants in MA given the GOP's traditional approach in giving these plans wider latitude to operate. That said, the stream of investigative reporting around MA in recent months has taken a toll in D.C. according to Mr. Schwab, which might leave this new CMS less sympathetic than a typical Republican CMS would be historically. This echoes our other conversations in the wake of the election, where cost pressures may lead Trump's CMS to be less favorable than what would have otherwise been expected of them.
  - In part, Republican-aligned think tanks have spent more time looking at ways to “make MA work better,” and while Mr. Schwab still sees MA as a “safe space” for Republicans, that does not mean that there won't be new tweaks to programs. That said, in traditional Republican fashion, Mr. Schwab believes that there will be opportunities for the private sector to be involved in discussions around any changes in rules.
  - On Dr. Oz, we do not know much about his policy preferences beyond broad support for MA from historical commentary. The broader CMS team is starting to take shape with Abe Sutton (a health-policy advisor during the first Trump administration) running CMMI, Chris Klomp (a healthcare entrepreneur) heading Medicare, and Stephanie Carlton (McKinsey) acting as CMS Chief of Staff. We see these appointments as showing a focus on cost savings and private sector healthcare backgrounds, which should support Dr. Oz's CMS administration early on.
- **Looking to policy changes, it appears unlikely v28 will be rolled back, although other tweaks are possible.**
  - In D.C., the broad consensus is that the current risk adjustment paradigm is not working as intended in MA, driven by investigative stories painting risk adjustments as doctors coding things that “do not exist.” When you

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couple this with a GOP interested in cost cutting and bipartisan interest in reform, Mr. Schwab sees the door open to changing the current rules around risk adjustment. This is not to say that v28 will be walked back (particularly given the 2026 Advanced Notice framing) but that further tweaks may be made to how risk adjustments are calculated (e.g., changes around chart review). The current backdrop leads to an opportunity to find “areas around the edges” where CMS can find cost savings that can be presented as making the program work more efficiently.

- To that end, another development Mr. Schwab highlighted is a rule change in the 2026 Advanced Notice to shift toward using MA-only encounter data for risk-adjustment purposes. While it remains to be seen how this change will be implemented, it shows an interest in continued adjustment from CMS.
- **Other policy changes relating to Medicare Advantage remain in flux, particularly changes to GLP-1 coverage, D-SNPs, and VBC.**
  - On the recent set of proposed rules around both the coverage of GLP-1s for obesity as well as rules around prior authorizations, the Trump CMS will be the one to review the comments, with uncertainty on how this will be handled given that the sizable cost of GLP-1 coverage for obesity would be factored into the CBO baseline.
  - For D-SNP, there remains some risk given the potential for reduced funding for Medicaid, with new proposals for things like per-capita caps in Medicaid representing potential reductions in funding from CMS. That said, Mr. Schwab framed this as an area where the GOP has “talked a big game” but has otherwise backed down from Medicaid cuts once members of Congress start receiving pressure from their home state constituencies.
  - On Value-Based-Care, the continued education of D.C. on the value of VBC continues, but advocacy is a long way from complete in Mr. Schwab’s mind with a particular need for the vertically integrated players to continue to sell the model of care in D.C.
- **Stars are a focus point given the increasing cut points; some tweaks might be possible but unlikely to be relaxed.**
  - The increasing cut points in recent years are unlikely to get easier, and Mr. Schwab argued that the stars system is working as intended as quality scores continue to improve. Given the importance of bonus payments and the ability for five star plans to enroll year-round, the competition for high ratings remains intense.
  - While it may not get easier to get five stars, that doesn’t mean the Stars plan will stay static, with Mr. Schwab calling out interest in moving away from process metrics toward outcome metrics to show that plans are actually improving quality over time.
  - One possible change that Mr. Schwab suggested would be adjusting the health equity index reward factor to be more equitable to rural areas given the overlap with the Republicans’ political base.
- **Looking beyond Medicare Advantage, the GOP’s quest for savings will take a focused look at healthcare costs.**
  - Last week the House Budget Committee released a menu of items to serve as pay-fors for a potential extension of federal tax cuts, which included some policies that would impact Medicare (e.g., site neutral, changes to uncompensated care/bad debt). With Republicans holding a slight majority in the House, with some of that majority derived from CA, NJ, and NY, there will likely be other factors that will play out in funding of Trump’s tax cuts, including potential negotiations over SALT caps.

- Many of the areas of discussion within the “menu” of changes also impact both Medicaid (e.g., moving to per-capita-caps) and the exchanges. Those changes have large savings attached, which has bolstered GOP confidence in finding budget cuts. While the party was unsuccessful in repealing the ACA in 2017, Mr. Schwab contends that this is a different Republican party, so we cannot rule out a different outcome this time around.
- Broadly, changes to site neutrality appear to have legs in Mr. Schwab’s perspective (and we agree based on our conversations), which would be favorable for outpatient providers vs HOPD operators. Since the proposed changes to reimbursement under site neutral policies are relatively well understood in D.C., it might be an easier sell vs some more arcane rule changes. To that end, Mr. Schwab noted that Sen. Maggie Hassan (D-NH) has sponsored legislation supporting a shift to site neutral reimbursement in Medicare despite a sizable rural hospital footprint in her state, which he considered to increase the potential of some form of site-neutral legislation passing.
- Finally, Mr. Schwab indicated that he believes that PBM reform can be a cost saver; however, reform will be shaped by how the CBO opts to score any proposed changes. As an aside, it is clear from Mr. Schwab’s conversations that both parties share some frustration with how the CBO scores certain bills. That said, the CBO and the agency’s policy scoring metrics remain the key arbiters behind potential changes to policy.

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