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# Medicare Update: Hello, Dr. Oz. Goodbye, Weight-loss Drugs. Plus Medicare Advantage’s BIG $$$ Surprise

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*The Trump Administration has promised not to cut Medicare and Medicaid benefits but that doesn’t mean it’s been leaving things alone there. Here’s what’s been happening at CMS.*

**By Mary Helen Gillespie**

The silver tsunami is quaking.

Older Americans who are retired or planning to do so soon are gulping and gasping at a bouncing stock market, a chaotic Social Security Administration, those loud whispers of a possible recession and, perhaps most importantly, the status of Medicare and Medicaid.

It’s been an especially busy two weeks in the Medicare/Medicaid world.

Let’s start with the huge and unexpected gift from the Centers for Medicare & Medicaid to Medicaid Advantage plans, the private health care insurers that cover approximately 32.8 million older Americans.

CMS on April 7 said it was awarding an additional $25 billion to Medicare Advantage plans in 2026 to help “protect beneficiaries and taxpayers from waste, fraud, and abuse,” adding that the extra federal funds would drive “access to high-quality, affordable healthcare through Medicare Advantage.”

The 5% bump in federal payments to private insurers including market leaders UnitedHealth Group, Humana and Elevance was based on new data that emerged after the Biden Administration’s recommendations were finalized in January 2025, the CMS

statement said.

KFF, the nonpartisan health care research organization, said its estimates show the actual bump is $35 billion citing an extra $10 billion that will be used for “risk code trends.”

“In particular, the Medicare Payment Advisory Commission estimates that the federal government pays Medicare Advantage plans 20% more per person than it spends on similar people in traditional Medicare, at a cost of $84 billion in 2025,” KFF reported.

This bump comes despite repeated messages from the Trump White House led by Elon Musk’s DOGE team pledging to reduce federal spending and save taxpayer money. Medicare Advantage insurers and advocates said the 2026 bonus will help stabilize plans, some of which have been dropping coverage and exiting markets, especially in rural areas across the nation.

“By finalizing these payment policies, CMS is ensuring that Medicare Advantage continues to offer access to critical services in an efficient, accountable manner, further strengthening the program’s ability to serve beneficiaries,’’ the agency’s statement said.

Medicare Advantage premiums tend to be much cheaper for beneficiaries and may cover more expenses like vision, dental and over-the-counter health products than traditional Medicare Part B providers. However, Medicare Advantage plans restrict recipients to limited provider networks meaning only doctors and hospitals within the plan’s networks. And switching from Medicare Advantage, known also as Medicare Part C, into a traditional Medicare Part B plan runs the risk in some states of finding that pre-existing medical conditions won’t be covered.

## Dr. Oz is in the house

The Congressional Budget Office has estimated that by 2034, 64 percent of Medicare beneficiaries will be enrolled in Medicare Advantage plans.

Which brings up the newly appointed CMS czar: former TV celebrity and cardiac surgeon Dr. Mehmet Oz. He received confirmation from the full Senate on April 3 by a 53-45 vote. Oz, who will oversee Medicare, Medicaid and Affordable Care Act subsidies, was an exuberant proponent in the past of Medicare Advantage plans.

Prior to his unsuccessful U.S. Senate campaign, he had advocated eliminating traditional Medicare coverage completely in favor of only Medicare Advantage.

However, during his Senate confirmation hearings in March, he toned down his enthusiasm under direct questioning by Democrats and Republicans. “A pox on the system” was how he described prior authorization practices of Medicare Advantage plans.

“We’re spending money, wasting money, trying to do a process that should be automated. I would argue we could limit the number of pre-authorized procedures to a thousand,’’ Oz said.

He also committed his management team to eliminating overpayments, reducing upcoding (a federal crime that occurs when health care providers falsely bill for a higher-level service than was delivered, if at all, to a patient) and ferreting out other potential fraudulent Medicare Advantage issues.

Wired reported that during his first CMS town hall meeting on April 7, Oz promoted the idea of replacing frontline human medical employees with avatars created by artificial intelligence: “Oz claimed that if a patient went to a doctor for a diabetes diagnosis, it would be $100 per hour, while an appointment with an AI avatar would cost considerably less, at just $2 an hour.”

## Medicare weight-loss drug coverage nixed

CMS announced on April 4 that it would drop the Biden Administration proposal to expand Medicare Part D prescription coverage of popular weight-loss medications like GLP-1 receptor agonists including Wegovy and Ozempic. The proposed rule goes into effect April 14.

Federal law explicitly prohibits Medicare coverage of prescription drugs “used for weight loss.’’ The Biden proposal was created in the swan days of the administration.

The current White House rejected it for several factors. First, the cost. Medicare coverage of pricey anti-obesity drugs like Wegovy and Ozempic would ring up an estimated $35 billion over 10 years.

Then there’s the policy.

Oz’s boss is Health and Human Services Secretary Robert F. Kennedy Jr., who has vocally decried the use of weight-loss drugs to slim down America in favor of healthier lifestyle choices. Kennedy maintains that the key to curbing the obesity epidemic is combining more nutritious foods with additional physical activity, not pharmaceutical solutions.

(Reporter’s note: Anyone who has shopped for groceries in the last three months has sticker shock over the cost of fresh fruits and vegetables, whole grains or lean protein as opposed to the alluring lower prices of heavily processed junk foods like cheese curls. It’s more expensive than ever to eat healthy even as inflation eased in March prior to the tariff tiffs.

But you can also get off the couch for free. Check out the Silver Sneakers program which

provides free gym memberships and free online fitness classes to older Americans. Again, the emphasis on free. To my amazement, there are five gyms — one with a pool — within a 15-minute drive from my house that honor free Silver Sneaker memberships for access to equipment and classes. And yes, I do participate, trading bicep curls for the cheesy ones.)

Fourteen states, including California, Kansas and Virginia, allow Medicaid coverage for these weight-loss drugs like Zepbound.

## Speaking of Medicaid…

DOGE and Kennedy this week cut a third of the jobs from the CMS Medicare-Medicaid Coordination Office, which works to oversee and manage care for vulnerable people eligible for both sets of coverage. The office helps enrollees by identifying opportunities for improved health care as well as savings.

According to the nonprofit Medicare Rights Center, “This work is vital because of the challenges dually eligible people face when they try to navigate both sets of coverage, including delays or denials of care, convoluted appeals processes, duplicated and wasteful services, and administrative burdens.’’

The center’s website said the firings leave the agency — and people who are dually eligible for Medicare and Medicaid — in “an untenable position.”

The cuts come after the U.S. House passed a budget resolution in February that ordered CMS to ax $880 billion from Medicaid over the next 10 years. Some Senate Republicans and all their Democratic colleagues are not buying it.

*Editor’s note: Tell us how you’re navigating these uneasy times for older Americans. Send your experiences and comments on Medicare, Medicaid, Social Security and your retirement savings/investments for possible publication in Retirement Daily to mhgillespie@allthingsretirement.com. Thank you, and hang in there.*