



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



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Editor's note

This note is produced every Friday by [KPMG](#) and is intended to be short and succinct, no more than 360 words, to provide a digestible bite of healthcare and life sciences news from the past week. 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

A CMS [memo](#) to MA plans clarified acceptable AI algorithm use in medical necessity determinations; AI algorithms alone are not compliant with federal regulation... The Office of the National Coordinator for Health IT (ONC) filed [a correction to a proposed AI rule](#) in a bid to avoid delaying implementation of AI transparency regulations.

[CMS approved](#) New Mexico's State Plan Amendment (SPA) expanding [access to community-based mobile crisis intervention services](#) authorized by the American Rescue Plan... The Substance Abuse and Mental Health Services Administration (SAMHSA) [announced \\$28M in funding](#) to expand substance use disorder treatment services among pregnant and postpartum women.



Healthcare law and policy news

UCSF Health to [acquire two community hospitals](#) from Dignity Health; St. Mary's Medicaid Center and Saint Francis Memorial Hospital (\$100M)... Novo Holdings (Novo Nordisk's parent company) to [acquire Catalent](#) to expand production of its anti-obesity drug, Wegovy (\$16.5B)... Value-based primary care provider Cano Health [filed for bankruptcy](#) after incurring nearly \$1B debt.

Johnson & Johnson is facing a class-action [lawsuit](#) for alleged mismanagement of employee health benefits; the suit claims J&J failed to negotiate lower prescription drug prices, resulting in millions in overpayments for generics.

Georgia [is suing CMS](#) after it denied the state's 1115 waiver extension for partial Medicaid expansion; GA's initial waiver was delayed due to a [lawsuit over its work requirements](#)... Florida [is suing CMS](#) for an exemption to the 12-month continuous coverage requirement for children; the suit claims it conflates eligibility and enrollment, violating the Administrative Procedures Act.

Pennsylvania Governor announced a plan to [cancel \\$400M in medical debt](#) for state residents.

[Medicaid enrollment decreased by nearly 10M](#) from a record high (94M enrollees) in April 2023 according to a [KFF Tracker](#)... A Health Affairs [study](#) found Tennessee Medicaid disenrollment led to a roughly 28% increase in eviction filings from 2005-2009 relative to other southern states.

A [survey of rural health providers](#) found 91% of respondents were optimistic about their financial viability; 40% rated their financial stability higher than last year and 70% plan to expand existing service lines.

Three *Health Services Research and Managerial Epidemiology* studies on the potential harm of medication abortion [were retracted](#), citing the authors' conflict of interest and misleading data.



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