

AP Photo/Jim Mone

This Oct. 16, 2012, file photo, shows a portion of the UnitedHealth Group Inc.'s campus in Minnetonka, Minn.

Health insurers rally after government lays out Medicare Advantage raise

BY THE ASSOCIATED PRESS

Shares of major health insurers jumped Tuesday after the federal government announced a better-than-expected 2026 payment increase for Medicare Advantage plans.

The Centers for Medicare and Medicaid Services said Monday after markets closed that final rates are expected to increase more than 5% in 2026.

That wound up well above expectations, Leerink Partners analyst Whit Mayo said in a research note.

BTIG analyst David Larsen said separately that the final increase more than doubled what was initially proposed in January. He added that it likely accounts for higher care use that the program has seen recently.

Larsen also credited the new administration of President Donald Trump.

administrations are gen-

The rate increase is expected to cost taxpayers an additional \$25 billion next year, CMS said. The Trump administration has vowed to trim the health department's \$1.7 trillion budget, although much of that money is spent on insuring the older, poor and disabled Americans through Medicare and the state- and federally funded Medicaid program.

Advantage)-friendly," Larsen wrote. "While

notice as a positive surprise."

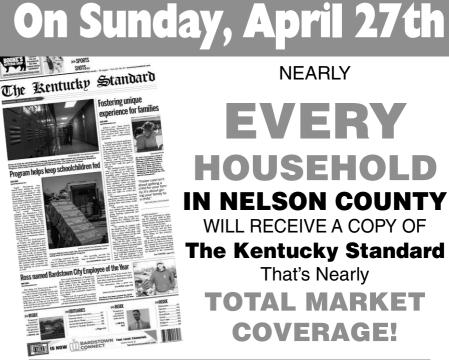
expected to cost taxpayers an additional \$25 billion next year, CMS said. The Trump administration has vowed to trim the health department's \$1.7 trillion budget, although much of Health Inc. and Centene that money is spent on Corp. also jumped. "The higher overall insuring the older, poor final rate is in line with and disabled Americans among the biggest gainour view that Republican through Medicare and ers in a broader market the state- and federally rebound early Tuesday.

erally more (Medicare funded Medicaid program.

Medicare Advantage fraud, waste, and abuse plans are privately-run are certainly a focus of versions of the governthe new administration, ment-funded Medicare we view the final rate program mostly for people who are 65 and older.

Shares of the two larg-The rate increase is est Medicare Advantage plan providers, United-Health Group Inc. and Humana Inc., climbed more than 7% and 12%, respectively, Tuesday morning. Other insurance stocks like Elevance

The health sector was



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