



Capitol Insights Newsletter August 1, 2025

Author(s): Matt Reiter and Luke Schwartz

What Happened in Congress This Week?

The Senate Appropriations Committee [advanced a healthcare funding proposal](#) that includes increased support for the National Institutes of Health (NIH), taking a different approach than the one outlined in the White House budget request. In a bipartisan vote, the Senate Appropriations Labor, Health and Human Services (LHHS) Subcommittee approved a bill that would provide \$48.7 billion for the NIH in FY2026, a \$400 million increase over current levels. The proposal includes targeted funding boosts for cancer, Alzheimer's disease, women's health, ALS, rare diseases, diabetes, and mental health research. Notably, the proposal offers a \$150 million increase for the National Cancer Institute. It also maintains current policies on NIH indirect cost rates, a different approach than the 15% cap on indirect costs directed by the Trump Administration.

The measure still needs to be considered by the House and voted on in both chambers, so there is a long way to go before it becomes law. But the committee vote signals continued bipartisan interest in supporting medical research.

Additionally, the Senate [voted](#) 51-47 to confirm Susan Monarez as the new CDC Director. Monarez is one of the few Trump appointees who has served in the executive branch under presidents of both parties

Senate Holds Hearing on Healthcare Affordability

By Julia Wiedmer

On July 31, 2025, the Senate Health, Education, Labor, and Pensions (HELP) Committee held a hearing titled "[Making Health Care Affordable: Solutions to Lower Costs and Empower Patients](#)." Committee members from both parties agreed that the high costs of healthcare in the U.S. are increasingly concerning and need to be addressed. The hearing highlighted policy reforms addressing price transparency and Pharmacy Benefit Manager (PBM) reform.

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1009 Duke St. Alexandria, VA 22314
(202) 544-1880 | Fax: (202) 543-5913
administrator@capitolassociates.com



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Price Transparency

One of the most emphasized topics of the hearing was transparency, both through prices and as a general principle for the industry. Witnesses gave various examples of unknown and unpredictable costs given to patients. This lack of transparency was highlighted through pharmacy benefit manager (PBM) practices, hidden facility fees, and denied access to claims data to employers. Proposals to require hospitals and insurance companies to publish their prices seemed supported by both sides, with mention of codifying current price transparency rules and increased oversight to ensure compliance. While lawmakers and witnesses did approve of price transparency and PBM reform legislation in circulation, some argued that these were not enough on their own to lower healthcare costs.

Market Consolidation

Vertical integration across large health plans concerned lawmakers and witnesses. They cited single companies buying up providers, pharmacies, PBMs, facilities, and owning the insurance itself. Witnesses [mentioned](#) enhanced oversight by agencies such as the Department of Justice (DOJ) or the Federal Trade Commission (FTC) as a possible solution. Expanding oversight on the organizations engaging in these practices seemed reasonable to most lawmakers and witnesses, calling for more information on their business models and disclosure of payment processes.

Misaligned Incentives and Systemic Failures

The theme of misaligned incentives driving high healthcare costs appeared in nearly every testimony during the hearing. Most believed that some healthcare actors are more focused on profit-maximizing than care delivery. Medicare Advantage programs were cited as one example where insurance companies have turned beneficial insurance models profit-driven initiatives.

The 340B program was also discussed as an example of a policy that may unintentionally encourage consolidation and problematic market behavior. Critics noted that it disadvantages smaller, independent providers who lack access to discounted drug prices, and that it does not require subsidies to be directed toward patients who cannot afford their care. Some members

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suggested that a single-payer system and a reduced role for commercial insurance could help address the underlying issues of misaligned incentives and excessive complexity.

Conclusion

This hearing brought attention to possible solutions to address high healthcare costs in the U.S. Healthcare affordability will continue to be a hot topic moving forward, especially as Affordable Care Act (ACA) Premium subsidies are set to expire at the end of 2025 without Congressional action.

Top Stories in Healthcare Policy

HHS Secretary Kennedy is planning to replace members of the US Preventive Services Task Force (USPSTF), raising “deep concerns” among medical groups according to [The Wall Street Journal](#) and [MedPage Today](#). The USPSTF is an independent group of primary care experts that make recommendations on preventive services.

A recent [study](#) in JAMA Health Forum found that the number of physicians that have exited the Medicare program has increased since the COVID pandemic due to increased administrative burden and financial pressures.

The Department of Health and Human Services (HHS) [announced](#) a new integrated care model targeting hepatitis C. The Hepatitis C Elimination Initiative Pilot includes a \$100 million fund to be distributed by the Substance Abuse and Mental Health Services Administration (SAMHSA), aiming to address critical risk factors like substance use, mental health challenges, and homelessness.

The unprecedented Arkansas law banning pharmacy benefit managers (PBMs) from owning pharmacies was [blocked](#) by a federal judge amidst lawsuits over the legislation’s legality.

On Wednesday, the Trump administration [announced](#) a new plan to encourage health data sharing and interoperability with the help of over 60 technology companies, including Oracle and Microsoft. The plan will allow Americans to share health data and medical records across apps, with the goal of making it easier to access and monitor personal health data.

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The Food and Drug Administration's (FDA) top vaccine regulator, Dr. Vinay Prasad, abruptly [left the agency](#) this week. Stepping down as Director of the Center for Biologics Evaluation and Research (CBER), his exit follows accusations of not being aligned with President Trump's agenda and clashes with biopharmaceutical companies.

The Centers for Medicare and Medicaid Services (CMS) [released](#) preliminary rate information for 2026 on Medicare Part D, projecting an increase in the drug plan's average base premiums from \$36.78 in 2025 to \$38.99 in 2026.

President Trump sent [letters](#) to the 17 leading pharmaceutical manufacturers outlining steps for lowering prescription drug costs and shifting to his plan for most-favored nation (MFN) drug pricing. The letters give companies 60 days to voluntarily comply before the Trump administration says it will deploy "every tool in our arsenal to protect American families from continued abusive drug pricing practices."

The Department of Health and Human Services (HHS) announced a new voluntary 340B Rebate Model [Pilot Program](#). Starting in 2026, this program will allow certain drug companies to require covered entities to accept after-the-fact rebate payments instead of traditional upfront discounts. The pilot program will also be limited to only those drugs on the Centers for Medicare and Medicaid Services (CMS) Medicare Drug Price Negotiation Selected Drug List.

Senator Katie Britt (R-AL) and 13 other Senate Republicans sent a [letter](#) to the Office of Management and Budget (OMB) Director Russell Vought asking to release unspent National Institutes of Health (NIH) funds for biomedical research.

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