



Capitol Insights Newsletter August 8, 2025

Author(s): Matt Reiter and Luke Schwartz

What Happened in Congress This Week?

Congress is out of session until after Labor Day.

What Does America's AI Action Plan Mean for Healthcare?

Last week, the Trump Administration published “[America's AI Action Plan](#).” The 28-page document contains dozens of specific policy recommendations designed to ensure that the United States leads the way on AI innovation in the coming decade. The Action Plan has major implications for the health sector, as it outlines steps to speed up the AI transformation across science, medicine, and the healthcare workforce.

A Leading Role for the National Science Foundation in AI Development

Many of the recommendations highlighted in the Action Plan center on the National Science Foundation (NSF). It is clear that the Administration values the work of the NSF and accordingly places it at center stage for the AI revolution the Trump Administration envisions.

Removing Red Tape

A major theme of the Action Plan is eliminating regulatory barriers to AI development. The document proposes several steps to streamline rules that may slow down AI deployment and encourages federal agencies to reconsider any existing policies that could be seen as hindering innovation. It also proposes to tie federal funding to states' regulatory environments, offering more funding to states that embrace an industry-friendly regulatory climate.

Fast-Tracking AI into Hospitals and Labs

The Action Plan highlights the slow institutional adoption of innovation, which has been especially evident in the healthcare sector. The AI Action Plan proposes Centers of Excellence designed to measure productivity gains resulting from AI adoption.

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The Action Plan encourages establishing a “try-first” culture for AI across American industries, including healthcare. The Action Plan alludes that this strategy could lead to drugs and therapies going to market more quickly through more streamlined reviews with AI assistance, as well as encouraging hospitals to deploy diagnostic models, robotic assistants, and personalized treatments faster.

Workforce Transformation: Your New AI Co-Worker?

The Trump Administration’s Action Plan calls for the reskilling of workers, including healthcare professionals. In terms of policy recommendations, the Administration is encouraging tax incentives to retrain workers. In healthcare, this raises questions about how AI will replace some roles in the sector. AI can help ease the countless administrative burdens that currently dominate physicians’ workflow. In some ways it already is with new applications such as AI note taking. But it remains unclear how these changes will affect essential roles such as nurses, or how patient care may evolve when AI tools become more common in clinical settings.

The Next Evolution in Scientific Research

The AI Action Plan proposes to heavily invest in AI-enabled science and dataset infrastructure. The Action Plan creates urgency for developing automated, cloud-enabled labs in scientific fields. It creates a major push for gathering and developing datasets to fuel research. In healthcare, this could support breakthroughs in drug development and disease prevention.

This comes against the backdrop of proposed massive cuts to the National Institutes of Health (NIH). It remains to be seen how the administration will balance cuts to the world’s leading scientific organization with supposed funds dedicated to AI-driven scientific research.

A View from the Critics: Healthcare on the Autobahn

Germany is well known for its autobahn, where fifty percent of the highway does not have a speed limit. While this usually gets people where they need to be in a turbocharged fashion, accidents at such high speed are more likely to be fatal. Some critics have drawn this type of comparison to the AI Action Plan’s focus on removing red tape. In healthcare, this could lead to AI-powered cures for diseases and a more efficient system. However, without the necessary

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guardrails, AI tools rushed to market without adequate testing or regulatory constraints could inadvertently harm patients or widen healthcare disparities.

Conclusion

The AI Action Plan outlines steps to accelerate AI adoption in healthcare through deregulation, workforce training, and expanded research infrastructure. It emphasizes the role of the National Science Foundation and proposes linking federal funding to state regulatory environments. This policy framework will ultimately influence how AI is integrated into the healthcare system.

Top Stories in Healthcare Policy

On August 13th, CMS will hold a [listening session](#) on how it could adopt real-time claims processing as well as Electronic Data Interchange (EDI) cybersecurity.

On July 31, the Department of Health and Human Services' (HHS') top health information technology (IT) office (ASTP/ONC) released the [HTI-4 Final Rule](#), codifying some of HTI-2 from the Biden administration and adding a new regulation that requires companies to incorporate prior authorization application programming interfaces (APIs) in their electronic health records and other health IT for federal certification.

A California jury recently found that social media giant [Meta Platforms Inc. violated state privacy laws by recording women's sensitive menstrual health data from popular cycle tracking app Flo](#), marking a major privacy verdict against a Big Tech company. Meta says it will appeal the decision.

UnitedHealthcare [announced](#) plans to leave certain Medicare Advantage (MA) markets that currently serve over 600,000 enrollees due to higher-than-expected medical costs. The company released its Q2 earnings last week, with profits down to \$3.4 billion compared to \$4.2 billion in 2024. Quarterly earnings reports from various health plans [suggest](#) others could follow United's example.

A recent [study](#) from Penn State University's College of Medicine found that a trained machine learning (ML) model can effectively predict missed medical appointments. Appointments with lead times longer than 60 days were more likely to be missed or cancelled.

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On Tuesday, Chair Bill Cassidy (R-LA) and Senator Maggie Hassan (D-NH) of the Senate Health, Education, Labor, and Pensions (HELP) Committee wrote to UnitedHealth Group CEO Stephen Hemsley regarding repeated cyberattacks on the company and seeking information on how they plan to safeguard patient data going forward.

The Department of Health and Human Services (HHS) Secretary Kennedy announced plans Tuesday to halt \$500 million in grants for vaccine development projects. All 22 mRNA vaccine development efforts under the Biomedical Advanced Research Development Authority (BARDA) were terminated, citing a failure of mRNA vaccines to protect against respiratory viruses like COVID-19 and influenza.

A study from the Centers for Disease Control and Prevention's National Center for Health Statistics (CDC's NCHS) found that ultra-processed foods account for over half of daily calories for American adults and almost 62% of youth diets (ages 1-18).

President Trump is considering phasing in a 250% tariff on pharmaceutical imports. The President stated that tariffs would likely start at 150% in the next year and a half and eventually work up to 250%.

Cigna Healthcare will begin reviewing certain high-level evaluation and management (E/M) claims starting October 1, 2025 and may reduce E/M coding by one level without reviewing the patient's medical record.

The Trump Administration issued an Executive Order on federal grants. Moving forward, a Trump appointee will need to review every federal grant before it goes live to "verify that each grant dollar benefits Americans instead of lining grantees' pocketbooks or furthering causes that damage America." The Department of Health and Human Services (HHS) issues the most grants of any federal agency, thus the health sector will feel this the most.

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