



Capitol Insights Newsletter December 12, 2025

Author(s): Matt Reiter and Luke Schwartz

What Happened in Congress This Week?

The Senate Finance Committee [introduced a new bipartisan bill](#) to increase transparency and accountability for **pharmacy benefit managers (PBMs)**. The measure includes PBM reforms similar to those in legislation that nearly passed last year. The House [introduced](#) a bill outlining PBM reforms as well.

Senate Fails to Pass Dueling ACA Reform Bills, But This Issue Is Not Going Away

As we approach the end of the year, healthcare continues to dominate Congress' policymaking agenda, with the debate over **Affordable Care Act (ACA)** premium subsidy eligibility remaining at the forefront. The same issue that prompted the longest federal government shutdown in US history shows little sign of being resolved this week.

Enhanced eligibility for ACA premium assistance tax credits and more generous subsidy amounts expire at the end of the year. Beginning on January 1st, eligibility for ACA premium assistance will be capped at 400% of the federal poverty level. This income eligibility cap was eliminated in 2021. Since then, anyone, regardless of income, could qualify for ACA premium tax credits. Democrats made extending this enhanced eligibility the central issue in their decision to not vote for a government funding bill back in September.

To end the shutdown, Senate Majority Leader John Thune (R-SD) promised Senate Democrats a vote on a bill of their choice to extend the enhanced ACA tax credit eligibility. However, several Republican Senators also began working on an alternative bill to reform the ACA in a way that embraces conservative health policy principals.

On Thursday afternoon, the Senate held two back-to-back votes on each party's respective ACA bills. Both bills failed to reach the 60 votes needed for passage.

The [first vote](#) was on a Republican-led proposal to reform the entire ACA premium assistance tax credit system. Instead of subsidizing people's premiums, the bill would have provided people in high-deductible ACA plans with up to \$1,500 to be directly deposited into a health savings

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



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account (HSA), with the amount varying based on age and what ACA plan someone is enrolled in. This bill garnered strong Republican support. However, it did not receive the 60 votes necessary to pass.

As we described in a recent edition of [*Capitol Insights*](#), Republicans have long-criticized the ACA for subsidizing health plans instead of giving people money to make their own healthcare decisions. Further, people need to pay premiums regardless of how much healthcare they actually consume. Republicans prefer to subsidize people for the care they actually consume. Additionally, they believe that HSAs will encourage people to make more cost-conscious care decisions, which will in turn bring healthcare prices down through increased competition.

A [second vote](#) was held on a simple three-year extension of the current ACA premium subsidy eligibility policy. This bill was backed by Democrats, and similarly did not have the votes to pass.

The lead up to these votes thrust ACA reform back into the spotlight. Lawmakers in both the House and Senate discussed a range of other ACA proposals in the weeks leading up to this vote.

For example, in the House, a bipartisan group of Representatives (largely from districts projected to be competitive in the 2026 midterms) [unveiled a plan](#) that would extend the current subsidies by two years while adding additional caps on premium subsidy eligibility based on income. However, the plan is not expected to come to the floor; Speaker Mike Johnson views its cost as excessive, and Democratic Minority Leader Hakeem Jeffries remains opposed on the grounds that the proposed subsidy extensions are inadequate.

That said, Representative Brian Fitzpatrick (R-PA-1) [filed a discharge petition](#) to circumvent leadership and force a vote on their bipartisan House. Under current House rules, once a discharge petition is filed, it must then receive signatures from a simple majority of Members before the bill can automatically proceed to the floor. At this stage, only the petition has been filed; the necessary signatures have not yet been secured. There is still a long road ahead for the process, and many hurdles remain.

Congress finds itself in a dilemma where there is likely not enough support to deliver a compromise, at least in the immediate future. It is also important to highlight that President Trump has remained mostly quiet on this issue. Republicans have struggled to coalesce behind

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any one policy solution, something that could potentially be changed in part by a stronger stance from the President.

Looking ahead, a few scenarios are possible:

1) Congress takes no action, and increased ACA premium subsidy eligibility comes to an end

This will lead to substantial premium increases for those on ACA plans. This would allow Democrats to run heavily on healthcare affordability during the 2026 midterms.

Separately, while perhaps unlikely, not resolving the subsidy issue could lead to heightened partisan gridlock ahead of yet another government funding deadline on January 31st that is fast approaching. If Congress is not able to agree on details for funding the government through the end of FY2026 (which ends on September 30) or a temporary Continuing Resolution (CR), the government will—once again—shut down early next year. It is expected that lawmakers will avoid this outcome, but another shutdown can never be ruled out.

2) Congress finds a bipartisan compromise

This would require both parties (and especially party leadership) expressing openness to meeting somewhere in the middle – it would likely include a gradual offramp of the enhanced eligibility subsidies. It could also include direct federal government subsidies into HSAs, as advocated by many Senate Republicans.

However, it is important to remember that it might be too late to adjust ACA premiums for the 2026 plan year.

3) Republicans pursue wholesale ACA reform

Republicans have been criticizing the ACA ever since it was passed in 2010. The ACA has since survived several U.S. Supreme Court cases and a failed 2017 effort by Congressional Republicans to overhaul the law. The HSA-focused proposal from Senators Crapo and Cassidy embraces the policy arguments conservatives have been making since before the

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ACA was passed. If voters continue to elevate the ACA and health insurance costs as election priorities, Republicans could remain motivated to pursue a version of this bill that can pass with out Democratic support using the budget reconciliation process.

Looking Ahead to 2026

Even though Democrats have thus far failed to extend the enhanced subsidies, they have undoubtedly propelled the high cost of health insurance into the national spotlight. Millions of people who receive health insurance coverage through the federal and state ACA marketplaces will see their premiums increase in 2026.

Importantly, many people who do not receive their health insurance through the ACA will also see their health insurance premiums rise as part of the typical annual rate increases. Will they attribute their premium increases to the issues Congress is trying to address even though the ACA premium subsidy eligibility issue even though it does not directly impact them? With the Congressional debate spotlighting high health insurance costs, will voters embrace more wholesale healthcare reforms? This could elevate health reform as a top issue in the mid-term elections next year.

As the November 2026 midterms get closer, expect Congress to continue discussing the ACA premium eligibility as part of broader conversation on healthcare affordability, especially for health insurance premiums. Speaker Johnson has even discussed openness to pursuing a budget reconciliation bill on healthcare, which would allow Republicans to pass the bill with a simple majority if they so choose.

Generally speaking, Republicans have shown interest in embracing healthcare plans with lower premiums and higher deductibles. This could directly impact clinicians, as higher cost-sharing means they would need to bill higher amounts to patients before they can bill health plans. Additionally, patients could avoid care if they have to pay for more out-of-pocket.

Even though Congress has yet to pass an ACA reform bill, healthcare affordability is expected to remain a key policy priority for Congress in 2026.

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Top Stories in Healthcare Policy

ASTP/ONC Health IT Chief Thomas Keane states that the agency is planning to release a proposed rule that would remove over half of the Health IT Certification Requirements by the new year.

HHS released a plan outlining how it will use AI to improve health outcomes and enhance the department's operations and programs. The document responds to a January executive order from President Donald Trump directing federal agencies to develop AI plans.

The FDA launched the new TEMPO pilot to expand access to digital health devices for chronic disease management by allowing certain low-risk products to participate while manufacturers gather real-world performance data. Created with CMS' ACCESS model, the program temporarily relaxes some regulatory requirements only for devices considered lower risk, while still maintaining safety oversight.

CMS announced a new Make America Healthy Again: Enhancing Lifestyle and Evaluating Value-based Approaches Through Evidence (MAHA ELEVATE) model which makes \$100 million available to fund 30 proposals that promote health and prevention for Original Medicare beneficiaries by covering lifestyle interventions that are not currently covered under Medicare. CMS will release the Notice of Funding Opportunity (NOFO) in early 2026.

Despite the CDC changing its recommendation on hepatitis B vaccination for newborns, most health insurers will continue to provide free coverage free for families through at least 2026. The Vaccines for Children program will continue providing the shot to eligible children under the updated guidelines.

Senator Bill Cassidy, M.D. (R-LA) plans to survey the impacts of the American Medical Association's (AMA) coding system that sets government-standard medical billing codes. The Committee created a questionnaire for stakeholders to assess how AMA coding contracts and licensing fees affect hospitals, health plans, and care delivery.

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Medical school enrollment has surpassed 100,000 in 2025. This is the highest medical school enrollment has ever been, following a 5.3% increase in total applicants in the most recent application cycle.

Open Enrollment in Affordable Care Act (ACA) plans is ahead of where it was last year at this time, totaling 5.8 million sign-ups as of November. This is notable given the looming expiration of enhanced ACA premium subsidy eligibility. Individuals must enroll in an ACA plan by December 15th for coverage beginning January 1st.

A Brookings Institution analysis projects that the second round of the Medicare Drug Price Negotiation Program will save approximately \$12.5 billion. While this covers all 15 drugs negotiated this year, just five of those drugs represent 43% of the total savings.

A new study found that CMS's \$3.3 billion relief program following the Change Healthcare cyberattack overpaid many hospitals while overlooking more than 300 others that experienced comparable revenue losses. The analysis shows that small and rural hospitals were disproportionately missed, even as many participating hospitals received funding beyond their actual Medicare payment shortfalls.

The FDA has expanded its review of COVID-19 vaccines to look into whether the shots may be linked to deaths in adults, not just children. The move has sparked debate, as federal officials and vaccine makers continue to emphasize strong evidence that the vaccines remain safe.

A new study shows that UnitedHealthcare, Aetna, and Cigna are disclosing only portions of their federally required negotiated price data, thus leaving employers with an incomplete view of costs when selecting health plans. Although the analysis shows significant gaps across many common medical billing codes, the insurance companies responded that a substantial amount of data is available and usable.

A new report demonstrates that accountable care organizations (ACOs) taking on two-sided financial risk in Medicare's Shared Savings Program generally achieve higher savings and stronger quality performance because the added risk pushes them to invest in analytics, care redesign, and clinician engagement.

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Texas has [filed a lawsuit](#) against Epic, accusing the electric health records company of monopolizing the market.

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