



Capitol Insights Newsletter February 14, 2025

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What Happened in Congress this Week & Transition Updates

On Thursday the Senate Confirmed Robert F. Kennedy Jr. to be the next Secretary of the Department of Health and Human Services (HHS). He will be the leading figure in health policy for the next four years.

In a first step toward passing a budget reconciliation bill, House Republicans debuted a draft of a budget resolution that calls on the House Energy & Commerce Committee to identify [\\$880 billion of savings](#) (also can be viewed as spending cuts) over the next decade. The House and the Senate must pass identical budget resolutions to begin the Budget Reconciliation process. As a reminder, the budget reconciliation process allows Congress to pass legislation while only requiring a simple majority in the Senate (rather than the 60 Senate votes required to pass most legislation). However, budget resolution bills can only include provisions that directly impact federal spending and revenue. Many believe that this savings target cannot be hit without substantial cuts to the Medicaid program.

The House Ways and Means Health Subcommittee held a [hearing](#) on “Modernizing American Health Care: Creating Healthy Options and Better Incentives.” The hearing served as an opportunity for Members to discuss the healthcare issues they are most interested in. This included Affordable Care Act (ACA) premium subsidies, access to care issues, potential Medicaid restructuring, and National Institute of Health (NIH) research.

A Roller Coaster Week for NIH Grants

Late on [last Friday night](#), the National Institutes of Health (NIH) released Supplemental Guidance to the 2024 NIH Grants Policy Statement: Indirect Cost Rates ([Note Number: NOT-OD-25-068](#)) which caps *indirect* costs for NIH research grants at 15%.

An indirect cost for an NIH research grant is defined as “facilities” and “administration.”

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The “facilities” category is defined as “depreciation on buildings, equipment and capital improvements, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses.” The “administration” category is defined as “general administration and general expenses such as the director’s office, accounting, personnel, and all other types of expenditures not listed specifically under one of the subcategories of ‘Facilities’ (including cross allocations from other pools, where applicable).”

Researchers have historically relied upon indirect research grants to help fund overhead expenses so they can dedicate their time and resources to conducting lifesaving clinical research.

Indirect grants are determined through a negotiation between the grant recipient and HHS, the umbrella agency of the NIH. Indirect cost funding rates are agreed upon for two to four years per negotiation cycle. The indirect cost rate can vary per grant recipient. Currently, agreed upon indirect grant rates range from 30% to 70%. Capping them at 15% represents a 50% to nearly 80% reduction overnight, depending on an institution’s existing negotiated rate.

There are a wide range of reasons that contribute to the varying indirect cost rates. For example, administrative structures and specialized equipment contribute to indirect cost calculations and negotiations.

Many leaders from both sides of the political aisle have taken issue with the NIH’s steep and sudden funding cuts.

For example, in a moment of bipartisan agreement, Senate Appropriations Chair [Susan Collins](#) (R-ME) and Vice Chair [Patty Murray](#) (D-WA) have put out separate statements condemning the change, citing the importance of NIH grants for life-saving research.

Furthermore, attorneys general from 22 states [filed a lawsuit](#) to block the NIH research cuts from taking effect earlier this week. A federal judge in Boston responded by issuing a temporary restraining order (TRO), halting these cuts from taking effect for now. The pause was originally going to apply exclusively to the 22 states that filed suit but was ultimately expanded to all states by a federal court the next day.

A common theme emerging from the Trump Administration thus far is issuing federal spending cuts with judges stepping in and stopping the cuts from taking effect.

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This NIH indirect cost grants story is far from over and most are unsure how this saga will conclude. However, one thing we can guarantee is that this will be far from the last time *Capitol Insights* features a story on a spending cut directive led by Elon Musk's Department of Government Efficiency (DOGE).

Top Stories in Healthcare Policy

The Consumer Financial Protection Bureau (CFPB) which would have banned medical debt from impacting consumer credit reports was put on hold by the Trump administration. The Trump administration also seems to have suspended the agency. Following a similar trajectory as USAID, the CFPB could be in its final days.

A federal judge ordered the Department of Health and Human Services (HHS) to restore health data on its website that was removed following a Trump executive order affecting transgender care.

CAQH published its 2024 Index Report that highlights opportunities for savings throughout the healthcare system by adopting electronic transactions. The report estimates the healthcare system could save \$20 billion annually by fully adopting electronic transactions, in addition to other savings opportunities.

Following Robert F. Kennedy Jr.'s successful confirmation as HHS Secretary, President Trump established a "Make American Healthy Again" Commission to be led by Kennedy. The intent of the Commission is to address the nation's "chronic disease epidemic." According to the White House, the objectives of the Commission are fourfold:

- "All federally funded health research should empower Americans through transparency and open-source data, and should avoid or eliminate conflicts of interest that skew outcomes and perpetuate distrust;
- the National Institutes of Health and other health-related research funded by the Federal Government should prioritize gold-standard research on the root causes of why Americans are getting sick;
- agencies shall work with farmers to ensure that United States food is the healthiest, most abundant, and most affordable in the world; and

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- agencies shall ensure the availability of expanded treatment options and the flexibility for health insurance coverage to provide benefits that support beneficial lifestyle changes and disease prevention.”

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