



Capitol Insights Newsletter

June 6, 2025

Author: Luke Schwartz and Matt Reiter

What Happened in Congress This Week?

Both Chambers of Congress were back in session this week after a weeklong Memorial Day recess. After primarily focusing on the House over the last month, the spotlight now turns to the Senate who now has the opportunity to put its spin on the One Big Beautiful Bill Act. The Senate is expected to make changes to many parts of the bill. The Congressional Budget Office (CBO) has officially [scored](#) the bill's estimated cost at \$2.4 trillion.

- The CBO also clarified that this bill, in addition to allowing Affordable Care Act (ACA) premium subsidies to expire at the end of 2025, would lead to 16 million people losing healthcare coverage. Some of this is due to the fact that the bill ends automatic reenrollment for people with ACA plans.

The CBO's \$2.4 trillion cost estimate is prompting the Senate to consider additional cost savings in their version of the bill. Several [news reports](#) say that Senate Republicans could target upcoding practices within Medicare Advantage plans in their version of the bill, potentially saving up to \$275 billion over 10 years.

HHS Releases Budget Requests: Major Cuts, New Initiatives Proposed

Last Friday, the Department of Health and Human Services (HHS) released its [annual justification for the White House Budget Request](#). Each year, the White House submits a non-binding budget request to Congress. While it does not carry the force of law, it showcases the executive branch's priorities for each federal agency. Every subagency, such as the [Centers for Medicare and Medicaid Services \(CMS\)](#), release their own budget justifications that go into more detail for that agency.

Key Budget Highlights

The Trump administration is proposing a 25% cut to HHS's annual discretionary budget, amounting to approximately \$32 billion in reductions. This represents a significant decrease in federal spending on health and public services.

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National Institutes of Health (NIH)

The proposed budget includes an \$18 billion cut to the NIH. It would also restructure the agency by reducing the current 27 institutes and centers down to just eight.

“Make America Healthy Again” Initiative

A major new program called the “Make America Healthy Again” initiative is proposed with a budget of \$500 million. Of that total, \$119 million would be dedicated to preventive health innovation, \$20 million would support chronic care telehealth infrastructure, and \$8 million would go toward telehealth nutrition grants. This initiative is intended to modernize care delivery and support proactive public health strategies.

Food and Drug Administration (FDA)

The Food and Drug Administration would see a reallocation of its budget to focus on nutrition. \$49 million would be targeted specifically at addressing the health risks associated with ultra-processed foods. The funding would also support efforts to improve food safety systems, update nutritional labeling, and enhance public communication around food-related health concerns. This follows the broader trend of nutrition prioritized by the Make America Healthy Again movement.

Telehealth

The bill proposes \$70 million to expand telehealth. This includes \$42 million for primary care, \$20 million for chronic disease research, and \$8 million for nutrition services. It also supports broadband expansion as a tool to increase telehealth access in underserved areas.

Health Information Technology

The budget would cut direct funding for HHS’ health IT and AI office (ASTP/ONC) by half and shift its oversight to the department’s Chief Technology Officer. It prioritizes cybersecurity and nationwide interoperability efforts. The CMS budget request includes funding to continue development of the Medicare’s PECOS 2.0 provider enrollment system. It also would fund a modernization of the Medicare claims processing system to a cloud-based system. The budget seeks to improve Part B claims appeals and utilize AI to achieve enhanced payment integrity and real-time claims data analysis.

National Provider Directory

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The budget supports CMS' continued development of a national provider directory. This initiative is still in the pilot phase.

MA Risk Adjustment Audits

The budget commits to pursuing more Medicare Advantage (MA) Risk Adjustment Data Validation (RADV) audits.

340B Drug Pricing Program

The 340B Drug Pricing Program, which provides discounted medications to eligible healthcare organizations, would be transferred from the Health Resources and Services Administration (HRSA) to the Centers for Medicare and Medicaid Services (CMS).

Conclusion

This is a high-level overview, and we recommend reading the report for further information. While the proposed budget is not binding, it remains a clear signal of President Trump's priorities. Observers across the healthcare and policy landscape should watch closely as these ideas are debated in the months ahead.

Top Stories in Healthcare Policy

States are **taking action** to regulate the use of artificial intelligence (AI) in healthcare, with more than 250 AI-related bills introduced across 34 states this year and several states passing legislation. However, a provision in Houses' version of the reconciliation bill would override these state regulations and prevent state and local governments from regulating AI over the next decade.

The Agriculture, Rural Development, Food and Drug Administration Appropriations Subcommittee advanced its FY2026 **spending bill** for full Appropriations Committee consideration. This bill would allocate \$25.5 billion in discretionary funding for agriculture programs, rural development, and the FDA.

In the Office of the Inspector General's (OIG) **semiannual report to Congress** released this week, it recommended changes across HHS that would lead to \$16.6 billion in savings.

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Upwards of 1,000 hospitals and 22,000 clinics have now officially [connected](#) to the Trusted Exchange Framework and Common Agreement (TEFCA). TEFCA is a federally backed health information network and was developed as part of the 21st Century Cures Act.

A new [study](#) published by JAMA predicts a 7.5% increase in cavities among U.S. children if fluoride is eliminated from drinking water, with \$9.8 billion in extra care costs within 5 years of the ban.

The Centers for Disease Control and Prevention (CDC) shared [new recommendations](#) for COVID-19 vaccines that those younger than 18 years old “may receive” COVID vaccines, placing the vaccine in the “shared clinical decision-making” category.

[Pharmacy costs and outpatient care](#) were the primary drivers of a 6.2% increase in family healthcare costs last year, based on the latest [Milliman Medical Index](#).

The Centers for Medicare and Medicaid Services (CMS) recently [released](#) the first round of participation and performance data for the 2023 Quality Payment Program (QPP) performance year. The data includes metrics about participation, scoring, and payment adjustment information.

A recent [study](#) found that Medicare Advantage claim denials reduced health care provider reimbursements by 7% in 2019, even when claims were successfully appealed and overturned.

The second round of [Medicare price negotiations](#) has begun, targeting 15 drugs, including Ozempic and Otezla. These negotiations introduced by the Biden administration are currently continuing under President Trump, with negotiated prices going into effect in January 2027.

The Senate [confirmed](#) former Silicon Valley executive Jim O’Neill as the new deputy secretary of HHS, making him Secretary Kennedy’s second-in-command.

[Humana](#) has told congressional staffers they will support activities to curtail Medicare Advantage plans’ excess billing practices.

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