



# HK Health Dose: Feb. 11, 2025

## A weekly dose of healthcare policy news

There are 31 days until the current continuing resolution (CR) expires. The attention of U.S. Congress continues to be fragmented as the U.S. House of Representatives and U.S. Senate struggle to achieve necessary alignment on policy priorities for reconciliation and topline spending numbers for annual appropriations bills. Committees have been tasked with identifying savings within their jurisdiction. Additionally, the nomination process moves forward with Robert F. Kennedy Jr.'s nomination advancing out of the Senate Committee on Finance. He is slated to have his confirmation considered by the full Senate this week. Dates for Dr. Marty Makary and Dr. Mehmet Oz hearings are expected imminently.

### Hearings This Week

The House Committee on Ways and Means Subcommittee on Health held a hearing on Feb. 11, 2025, "[Modernizing American Health Care: Creating Healthy Options and Better Incentives](#)." The hearing may offer a glimpse into the priorities of the Make America Healthy Again (MAHA) movement. Witnesses participating in the hearing included business owners, a physician and the founder of a healthcare nonprofit focused on access to healthcare.

The House Committee on Energy and Commerce Subcommittee on Commerce, Manufacturing and Trade will hold a hearing on Feb. 12, 2025, at 10 a.m. ET titled, "[AI in Manufacturing: Securing American Leadership in Manufacturing and the Next Generation of Technologies](#)." The hearing will discuss opportunities for artificial intelligence (AI) utilization in supply chains, which may have implications for the drug discovery and development process.

The Committee on the Judiciary's Subcommittee on the Administrative State, Regulatory Reform and Antitrust held a hearing on Feb. 11, 2025, "[Reining in the Administrative State: Regulatory and Administrative Law Reform](#)." The hearing aimed to "give members an opportunity to explore concerns about the administrative state, with a particular focus on agency rulemaking procedures and agencies' internal adjudication."

## ADMINISTRATIVE UPDATES

### Executive Order Update

The Trump Administration has continued to release wide-ranging Executive Orders (EOs). For real time updates, see our "[Trump's 2025 Executive Orders: Updates and Summaries](#)" landing page online.

### DOGE Updates

The U.S. Department of Government Efficiency (DOGE) recently visited the Centers for Medicare and Medicaid Services (CMS) to mine the agency's data systems for fraud and waste. DOGE representatives gained access to CMS' payment and contracting systems. The DOGE team has also been working to target any U.S. Department of Health and Human Services (HHS) contracts related to diversity, equity and inclusion (DEI) for cancellation. CMS has two senior agency officials – one focused on policy and one focused on operations – who are leading the collaboration with DOGE, "including ensuring appropriate access to CMS systems and technology," according to a statement from the agency.

Notably, HHS has initiated cancellations of HHS contracts upwards of \$180 million in a 48-hour period. According to DOGE, the cuts "were entirely for administrative expenses – none touched any healthcare programs. This included terminating a \$168,000 contract for an Anthony Fauci exhibit at the NIH Museum."

DOGE's visit to CMS follows similar onsite visits with the U.S. Department of the Treasury and U.S. Agency for International Development (USAID). Some Republican members of the House have signaled general alignment with DOGE priorities. Earlier in January 2025, Rep. Jay Obernolte (R-Calif.) teamed up with six others for the introduction of [House Resolution 36](#) to establish the Committee on the Elimination of Nonessential Federal Programs.



## Personnel Updates

Tom Engels has been sworn in to lead the Health Resources and Services Administration (HRSA), taking over for Carole Johnson, who ran HRSA for former President Joe Biden. Engels returns as HRSA administrator after serving in the role during the first Trump Administration. He also served on The White House's COVID-19 task force and helped implement the Provider Relief Fund, which provided financial help to healthcare professionals during the pandemic. Engel will oversee HRSA's broad health jurisdiction, including the 340B program, federally qualified health centers and the Federal Office of Rural Health Policy.

## LEGISLATIVE UPDATES

### Senate vs. House: Competing Paths on Reconciliation

Congressional Republicans remain split on the path forward for passing legislation through the budget reconciliation process. Senate and House members have released competing budget resolutions as the debate about the scope, size, timeline and number of reconciliation packages continues.

In healthcare, it will be crucial to monitor which funding cuts Republicans may propose to support their policy priorities. Potential measures under consideration include Medicaid work requirements, Medicaid per capita caps, consolidating and reducing Medicare payments for Graduate Medical Education (GME) at teaching hospitals, Medicare site-neutral payment reforms and limiting state taxes on healthcare providers, to name a few.

#### Senate

Senate Committee on the Budget Chair Lindsey Graham (R-S.C.) unveiled a [draft budget resolution](#) last week that will be marked up in a committee meeting on Feb. 12-13, 2025. The draft budget resolution authorizes \$85.5 billion in new spending to bolster border security, strengthen defense and incentivize domestic energy production, which will reportedly be "fully offset" by cuts to other programs. Importantly for healthcare stakeholders, the Senate committees with jurisdiction over healthcare programs are directed by the draft budget resolution to identify ways to reduce federal spending on programs within their jurisdiction by up to \$1 trillion over 10 years.

The draft budget resolution is one of two reconciliation packages the Senate hopes to enact this year. The second package is likely to focus on taxes and potentially healthcare.

#### House

House Republicans continue to debate their strategy for advancing a budget resolution. Speaker Mike Johnson (R-La.) said details on the budget plans may be released as soon as Feb. 11, 2025.

The House Committee on the Budget announced it will hold a markup of the budget resolution on Feb. 13, 2025. The markup was initially expected last week, and there is the potential for the hearing to be delayed again if disagreement among committee leadership and House leaders persists.

Members of the House Freedom Caucus [released their own draft budget resolution](#) on Feb. 10, 2025, titled "Emergency Border Control Resolution." The resolution mirrors the focus of the draft budget resolution released by Sen. Graham by focusing on immigration, defense and energy policy. It also mirrors the Senate's preferred two-bill strategy. The House Freedom Caucus' budget resolution does, however, include a 2-year, \$4 trillion increase to the debt ceiling, which has been a key request of President Donald Trump. A [fact sheet](#) released by the House Freedom Caucus on social media details that the plan will be paid for by instituting new work requirements for Medicaid and Supplemental Nutrition Assistance Program (SNAP) beneficiaries. Since DOGE has been aggressive in "improving government efficiency" efforts through extensive cuts to grants and workforce, the Freedom Caucus may be better positioned to align with the broader House Republican cohort, which requires higher spend. The release of the budget resolution from the Freedom Caucus signifies a potential attempt to align the House reconciliation plans with that of the Senate.

### Senate Hones In on Regulations to Rollback under the CRA

Senate Majority Leader John Thune (R-S.D.) declared on Feb. 11, 2025, that Republicans were eyeing up to 15 late-stage regulations issued by the previous administration that they want to roll back using the Congressional Review Act



(CRA). The CRA is a tool Congress may use to overturn certain federal agency actions under expedited procedures. The CRA requires both chambers to introduce a joint resolution of disapproval about a specific regulation in its entirety.

However, members of Congress have 60 days of legislative session to introduce the resolution, putting regulations finalized within that time period in jeopardy of being overturned. Based on the regulations that were finalized in the final 60 legislative days of President Joe Biden's term, any regulation finalized since Aug. 16, 2024, is fair game under the CRA, including 73 final rules finalized by HHS between Aug. 16, 2024, and Jan. 3, 2025.

## JUDICIARY UPDATES

### Legal Challenges Continue in Response to Trump Administration Actions

The courts will decide the future of a number of executive and administrative actions. On Feb. 10, 2025, alone, judges across the country issued rulings to temporarily halt EOs from taking effect. The following EOs were temporarily paused on Feb. 10, 2025:

- Jan. 20, 2025, EO to limit birthright citizenship
- Jan. 25, 2025, firings of inspectors general (IGs) at 18 federal agencies
- Jan. 28, 2025, Office of Management and Budget (OMB) memorandum offering federal employees a resignation program
- Jan. 29, 2025, OMB memorandum freezing all federal financial assistance
- Feb. 7, 2025, National Institutes of Health (NIH) announcement to limit indirect costs

Other EOs and policies issued by the Trump Administration that are under scrutiny by the courts include the removal of health data from the HHS, the firings of federal government employees of USAID, DOGE employees accessing sensitive records at federal agencies and more. It remains to be seen how these actions play out, but it is highly likely that many of these cases will ultimately be heard by the U.S. Supreme Court.

A federal judge mandated on Feb. 11, 2025 that health agencies reinstate specific webpages with public health information by midnight the same night. This temporary restraining order (TRO) was granted to physicians who claimed that the sudden removal of this information hindered their ability to provide patient care. Subsequent the announcement of the ruling, a spokesperson for the physicians stated, "In the short time that important web pages were removed from the websites of major public health agencies, our members have seen firsthand how dangerous it can be to practice medicine without critical clinical information."

### Latest Developments – Federal Funding Freeze

A federal judge in Rhode Island granted a "motion for enforcement" on Feb. 10, 2025, following complaints from states that federal funding remains frozen in violation of a prior court ruling. The motion alleges that the Trump Administration is in violation of the court's order and directs the administration to "immediately restore frozen funding" and "end any federal funding pause" as a case brought by 22 states and the District of Columbia is heard.

The judge noted in his order that the "broad categorical and sweeping freeze of federal funds is, as the Court found, likely unconstitutional and has caused and continues to cause irreparable harm." The case is likely to make its way to the Supreme Court. At the heart of the case is a Jan. 27, 2025, memorandum directing an immediate pause on all federal financial assistance. The memorandum was later withdrawn, yet uncertainty remains among states across the country about the status of certain federal funding.

### Indirect Payment Litigation

A federal judge in Massachusetts ordered a nationwide pause on plans announced by the NIH to significantly reduce payments to awardees for administrative and facility expenses linked to research, known as "indirect costs." In its announcement, the NIH stated it would limit indirect cost rates on future NIH grants to 15 percent. The average indirect



cost rate is around 27 percent, with some rates as high as 50 percent. Grant awardees and NIH directly negotiate these rates, and payments cover expenses such as electricity, water and other payments to operate and maintain laboratories.

The plan sparked an immediate uproar from states that receive significant funding from NIH, as well as academic medical centers, teaching hospitals and public health associations, which would be significantly harmed by reductions in indirect cost rates. While the NIH cites federal regulations in its announcement to preempt legal challenges, appropriations language consistently included by Congress in annual appropriations bills prohibits the NIH from making changes to indirect rates.