



HK Health Dose: March 4, 2025

A weekly dose of healthcare policy news

Looking Ahead: Congress Faces Funding Deadline

Government funding runs out in less than two weeks. Republican leaders are currently working on a plan to fund the government with a short-term funding measure or through the end of September 2025 without codifying any cuts or activities led by the Department of Government Efficiency (DOGE). Democrats previously insisted that any funding agreement include language requiring President Donald Trump to spend money appropriated by U.S. Congress, something Republicans have not agreed to. The U.S. House of Representatives will vote on H.R. 919, a bill to codify 2019 guidance from the IRS that expanded the list of preventive care services patients with high-deductible health plans can use their health savings accounts to cover. On Tuesday, March 4, 2025, President Trump will participate in his first address to Congress as the 47th President of the U.S. The speech is expected to lay out both domestic and foreign policy priorities and will begin around 8 p.m. ET.

Hearings This Week

The House Committee on Energy and Commerce Subcommittee on Communications & Technology will hold a [hearing on broadband](#) on March 5, 2025. The hearing will include testimony from experts who will discuss ways to address critical issues impacting the broadband landscape.

Also on March 5, 2025, the House Committee on Science, Space and Technology Subcommittee on Investigations and Oversight will hold a hearing titled, "[Assessing the Threat to U.S. Funded Research](#)." Witnesses include planetary scientist at the Massachusetts Institute of Technology (MIT), Maria Zuber, who's the co-chair of the President's Council of Scientific Advisors in the Biden Administration, along with the president of the Center for Research Security & Integrity and a retired specialist in the Office of Science and Technology Policy, formerly at the Congressional Research Service.

On March 4, 2025, the House Committee on Energy and Commerce will hold a full committee markup of 11 telecommunications related bills. There was early optimism the markup was to include bipartisan healthcare bills from the previous Congress, but that did not come to fruition.

Week in Review

The U.S. House of Representatives passed the budget resolution crafted by the House Budget Committee on Feb. 25, 2025. It passed on a 217-215 vote, with the sole Republican 'nay' vote coming from Rep. Thomas Massie (R-Ky.). Passage of the budget resolution by the House sets the House and U.S. Senate on a collision course, with both chambers now having passed their own different versions of the budget resolution. Leaders in both chambers must find agreement on a compromise budget resolution that bridges the divide between the two budget resolutions and appeases all parts of the Republican caucus. It will not be an easy task.

ADMINISTRATIVE UPDATES

Executive Order Updates

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](#).

Recent EOs issued by President Trump with healthcare impacts include: Feb. 25, 2025 EO entitled, "Making America Healthy Again by Empowering Patients with Clear, Accurate, and Actionable Healthcare Pricing Information." The EO directs the secretaries of the Department of Labor, Health and Human Services, and the Department of the Treasury to update or issue guidance requiring that the prices of healthcare services be disclosed publicly, as well as directs the agencies to update enforcement policies to ensure hospitals and health plans comply.



LEGISLATIVE UPDATES

Reconciliation

The House passed its budget resolution on Feb. 25, 2025. The budget resolution was previously advanced from the House Budget Committee and allows for \$4.5 trillion in spending to extend tax cuts from the Tax Cuts and Jobs Act, which are soon to expire. The budget resolution also directs \$2 trillion in funding reductions to offset the cost of extending the tax cuts and extends the debt limit by \$4 trillion over two years. The House budget resolution directs the House Committee on Energy and Commerce to identify \$880 billion in deficit reductions. Now that the House budget resolution has passed, congressional Republicans must reach an agreement on a compromise budget resolution that narrows the difference between the House and Senate-passed resolutions.

House Speaker Mike Johnson (R-La.) said on Feb. 26, 2025 that per-capita caps for Medicaid funding and changes to the Federal Medical Assistance Percentage (FMAP) will not be included in the reconciliation package, taking a potential source of savings from healthcare programs off the table. Republicans appear to be turning their attention to other policy alternatives that create savings within healthcare programs, including whether limiting taxes that states levy on physicians could be an alternative way to generate savings. However, many states and medical associations disapprove of that policy option, with the provider taxes being a critical way states fund their Medicaid programs.

With both per capita caps and changes to FMAP supposedly off the table, the quest to find \$880 billion in programs under the House Committee on Energy and Commerce's jurisdiction will become more difficult, but not impossible. While Chairman Buddy Carter (R-Ga.) and Ranking Member Diana DeGette (D-Colo.) have been discussing how to bring the health provisions from the December 2024 package back to life, it is unlikely the health provisions will hitch a ride on the continuing resolution (CR) Congress will vote on, with Speaker Johnson pushing for a 'clean' CR with no extemporaneous provisions. It is possible that provisions to reform the practices of pharmacy benefit managers (PBMs) within Medicare and Medicaid could be included in a reconciliation package. Provisions extending PBM reforms to commercial insurance would not meet Byrd Rule requirements.

Senate HELP Committee to Hold Confirmation Hearing on FDA, NIH Nominees

The Senate Committee on Health, Education, Labor and Pensions (HELP) will convene for two hearings on nominations to lead key healthcare agencies in the Trump Administration. The committee will meet on March 5, 2025 to consider the nomination of Dr. Jayanta Bhattacharya to serve as Director of the National Institutes of Health (NIH). The committee will meet again on March 6, 2025 to consider the nomination of Dr. Martin Makary to serve as commissioner of the U.S. Food and Drug Administration (FDA). Both nominees will likely face questions about recent administrative actions to reduce the size of the workforce at both agencies, changes to indirect cost rates, the role of federal agencies in research, clinical trials, and ingredients in ingested food and drugs, among other issues.

Accelerating Kids' Access to Care and Give Kids a Chance Act Reintroduced

Sens. Michael Bennet (D-Colo.) and Chuck Grassley (R-Iowa), alongside Reps. Lori Trahan (D-Mass.) and Mariannette Miller-Meeks (R-Iowa) reintroduced the [Accelerating Kids Access to Care Act](#) on Feb. 27, 2025. In addition to the sponsors of the bill, 27 senators have cosigned the legislation. Also, the Give Kids a Chance Act, a compilation of legislative provisions to address pediatric cancer, was [reintroduced in the House](#). This version of the bill includes a 5-year reauthorization of the FDA's Rare Pediatric Disease Priority Review Voucher Program.

Telehealth Expansion Act of 2025

Sens. Steve Daines (R-Mont.) and Catherine Cortez Masto (D-Nev.) introduced the Telehealth Expansion Act of 2025. The bill has companion legislation in the House led by three Republicans and three Democrats.



Senate Judiciary Committee Chairman Grassley (R-Iowa) Requests Additional Information from Major Insurer on Medicare Billing Practices

Chairman of the Senate Judiciary Committee Chuck Grassley (R-Iowa) sent a letter to a major health insurer on Feb. 25, 2025, requesting information on their billing practices within Medicare Advantage (MA). The letter details instances of waste, fraud and abuse identified by the U.S. Department of Health and Human Services (HHS) Office of the Inspector General (OIG) and other federal entities. The letter requests answers to a litany of questions and requests a series of policy manuals and other documents by March 10, 2025.

Rep. Patrick Ryan (D-N.Y.) similarly announced he would launch his own inquiry into the same health insurer's management of physician practices in his upstate New York district. Citing the receipt of constituent stories about declining quality of medical care received at certain healthcare facilities and increases in fees and billing issues, Rep. Ryan asked members of his community to share their stories directly with his office.

Bipartisan interest in the MA program is likely to continue this Congress session, with Chairman Grassley's letter potentially laying the groundwork for future hearings on billing practices and healthcare coverages offered by MA plans.

House Hearing on PBMs

The House Committee on Energy and Commerce's Subcommittee on Health held a hearing titled, "An Examination of How Reining in PBMs Will Drive Competition and Lower Costs for Patients" on Feb. 26, 2025. Reforming PBM policies has been an area of bipartisan agreement since last Congress. However, many Democrats on the subcommittee aired their frustrations that policies to ban spread pricing and enhance transparency on PBM activities were pulled from the December 2024 funding package. Republican members of the subcommittee shared their continued support for reforming the practices of PBMs this Congress.

REGULATORY UPDATES

Office of Personnel Management (OPM) Releases Memorandum Directing Agency Reorganization Plans

The memorandum titled, "[Guidance on Agency RIF and Reorganization Plans Requested by Implementing The President's 'Department of Government Efficiency'](#)" Workforce Optimization Initiative," directs agencies to prepare for large-scale reductions in force and develop Agency Reorganization Plans by March 13, 2025. The Agency reductions in force (RIF) and Reorganization Plans (AARPs) include two stages of implementation and "should employ all available tools to effectuate the President's directive for a more effective and efficient government and describe how they will use each." Such "tools" range from removing underperforming employees or employees engaged in misconduct, and continuing to evaluate probationary employees to renegotiating provisions of collective bargaining agreements (CBAs).

HHS Issues Policy Statement on Administrative Procedure Act (APA)

HHS Secretary Robert F. Kennedy, Jr. issued a policy statement on March 3, 2025, rescinding the 'Richardson Waiver,' a longstanding policy requiring HHS to follow the APA notice-and-comment rulemaking process even for matters typically exempt by the APA. The rescission of the waiver ends the ability of the public to submit public comments as part of the HHS rulemaking process for "matters relating to agency management or personnel or to public property, loans, grants, benefits, or contracts" effective immediately. The policy statement is likely to be subject of litigation.

HHS noted in the policy statement that the added obligations of the Richardson Waiver impose unnecessary costs on the department and the public, hinder efficient operations and reduce flexibility in responding quickly to legal and policy changes. Under this new policy, HHS agencies are expected to increase the number of rules published in their final form, without the agency first publishing a proposed rule and providing the public an opportunity to submit comments. This flexibility applies equally to rulemakings that create new rules or repeal existing ones, as long as the subject matter qualifies for an exception. This policy may be aimed at enabling the agency to make adjustments to the Medicaid program without undergoing notice-and-comment rulemaking, given that a separate rulemaking standard applies to most Medicare



regulations (where Congress has expressly required public notice and comment). If HHS issues a final rule without prior public comment, affected parties can still challenge the rule legally, arguing it doesn't qualify for an exception and raising issues with the agency's reasoning or authority.

While the full impact of this procedural shift remains unclear, it may limit the ability to formally provide input on policy changes. As a result, stakeholders will need to be ready to act swiftly when new rules are released.

Major PBM Ordered to Share Documents with Federal Trade Commission (FTC)

A federal judge directed a major retail pharmacy that offers PBM services to comply with a civil investigative demand (CID) from the FTC on Feb. 26, 2025. The FTC launched an investigation into the three largest PBMs during the previous administration under former FTC commissioner Lina Khan. The FTC released two 'interim reports' on the influence PBMs have within the drug supply chain and the impact of PBMs on prescription drug prices. The most recent report was issued on Jan. 15, 2025 following a unanimous vote by the FTC's five commissioners and highlighted that PBMs marked up the cost of certain "specialty" generic drugs above their estimated acquisition costs.

FTC Chair Andrew Ferguson previously recused himself from FTC's lawsuits against the major PBMs, yet he and Republican commissioner Melissa Holyoak both voted to release the January 2025 report, suggesting bipartisan focus on PBMs by the FTC will continue. President Trump previously stated he wanted to eliminate PBM 'middlemen,' and momentum continues in Congress to address the influence of PBMs, despite a failure to advance bipartisan legislation to curb PBM activities in December 2024.

Tariffs on Mexico, Canada and China to take effect March 4, 2025

On March 3, 2025, President Trump announced that tariffs he threatened under the International Emergency Economic Powers Act, which were previously delayed from an earlier Feb. 4, 2025 effective date, would enter into force. Effective at 12:01 a.m. ET on March 4, 2025, all goods arriving at U.S. ports and originating from Canada or Mexico are subject to 25 percent tariffs. All goods presented for entry at U.S. ports and originating from China are subject to a 10 percent tariff. This is in addition to the 10 percent tariff on Chinese imports that was imposed effective Feb. 4, 2025, totaling 20 percent tariffs on Chinese imports.

China and Canada have announced retaliatory measures against U.S. exports and Mexico is expected to announce retaliatory measures later this week. China announced tariffs on some U.S. goods (effective March 10, 2025) and Canada announced 25 percent tariffs on 30 billion Canadian dollars (approximately \$20.7 billion) in U.S. products, effective immediately, with plans to impose 25 percent tariffs on another \$125 billion in U.S. imports to be imposed in 21 days if the U.S. tariffs are not withdrawn.

China also filed another lawsuit against the U.S. in the World Trade Organization, as it did when the first 10 percent tariffs were imposed on its imports into the U.S. on Feb. 4, 2025. China also added 10 U.S. companies to its unreliable entities list and 15 to its export controls list. Most companies placed on these lists mostly operate in the defense and intelligence space.

Notably, China is a major producer of pharmaceutical ingredients, meaning any cost increases for these components could drive up prices for finished medications. Similarly, Mexico remains one of the leading suppliers of medical devices used in the U.S. Hospitals may also feel the effects of these tariffs, as they depend on imports for a wide range of essential supplies, including gowns, gloves and syringes. Larger medical equipment, such as CT scanners and X-ray machines, are also frequently sourced from abroad, making it susceptible to cost increases.

JUDICIAL UPDATES

- A federal judge issued a preliminary injunction on Feb. 28, 2025 blocking President Trump's EO regarding access to gender-affirming care. The judge had previously issued a two-week temporary restraining order (TRO) while she heard additional arguments in the case. However, the injunction is not nationwide and only applies to plaintiff states of Colorado, Washington, Oregon and Minnesota. Three physicians joined the four states in bringing the lawsuit.



- A federal judge on Feb. 28, 2025 ordered the OPM to withdraw its directive that sought to terminate probationary employees who had been in their positions for fewer than two years. The judge wrote in his opinion that the firings were "unlawful, invalid, and must be stopped and rescinded." However, the judge's ruling only applies to certain federal agencies, not including HHS.