The Road Ahead: Legislative Changes and a Federal Government Shutdown – FSA Compliance Collaborative

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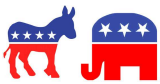
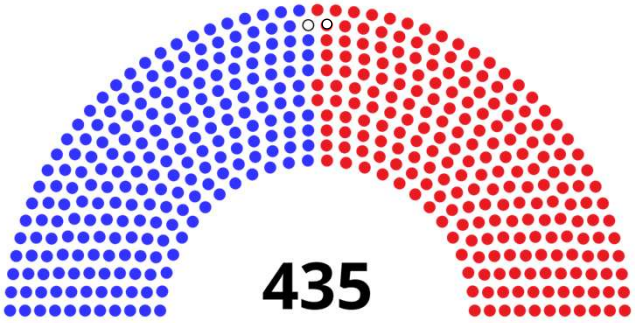
119th Congress: House Party Breakdown

214 Democrats  219 Republicans



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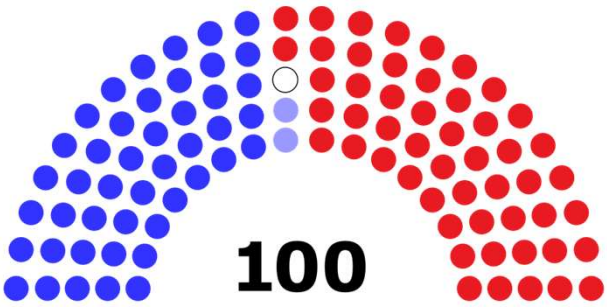
119th Congress: Senate Party Breakdown

47 Democrats (including 2 Independents)

53 Republicans



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Trumps' Presidential Cabinet


Vice President J.D. Vance


Chief of Staff Susie Wiles


Agriculture Brooke Rollins


Commerce Howard Lutnick


Defense Pete Hegseth


Education Linda McMahon


Energy Chris Wright


National Intelligence Tulsi Gabbard


Homeland Security Kristi Noem


HUD Scott Turner


Interior Doug Burgum


AG -Justice Pam Bondi


SBA Kelly Loeffler


State Marco Rubio


Management and Budget Russell Vought


Treasury Scott Bessent


Veterans Affairs Doug A. Collins


CIA John Ratcliffe


EPA Lee Zeldin


Transportation Sean Duffy


UN Ambassador Michael Waltz


HHS RFK Jr.


CMS Mehmet Oz


FDA Marty Makary


CDC Jim O'Neil (Acting)


Trade Rep. Jamieson Greer

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Key Health Care Positions

AGENCY	STATUS	POSITION	NOMINEE	SENATE CONFIRMATION
Department of Health & Human Services	Confirmed	Secretary	Robert Kennedy Jr	Yes
	Confirmed	Deputy Secretary	Jim O'Neill	Yes
	Confirmed	CMS Administrator	Mehmet Oz	Yes
	Confirmed	FDA Administrator	Marty Makary	Yes
	Confirmed	NIH Director	Jay Bhattacharya	Yes
	Senate consideration	Assistant Secretary for Health	Brian Christine	Yes
	In committee	Surgeon General	Casey Means	Yes
	Acting	CDC Director	Jim O'Neill	Yes
	No nominee	Assistant Secretary for Preparedness and Response	--	Yes

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Federal Government Shutdown

What does this mean?

- On **October 1, 2025**, the federal government entered an official shutdown.
- Roughly **750,000 non-essential federal employees** are being furloughed, while others in essential roles continue working without pay until funding is restored.
- Key operations such as **Social Security, Medicare, military, law enforcement, and air traffic control** remain active (though some may experience delays).
- Many non-essential services will pause: permitting, inspections, economic data releases, research funding, regulatory reviews, and agency public operations.

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Federal Government Shutdown

Why did this happen?

- Republican proposal: Continuing Resolution through November 21, maintaining current funding.
- Democratic proposal: Continuing Resolution through October 31, includes ACA premium tax credits and repeals OB3 Medicaid provisions.
- No agreement yet; agencies activating contingency plans.

Agency impacts:

- **HHS** – 41% workforce furloughed
- **CDC** – 64% workforce furloughed
- **NIH** – 75% workforce furloughed
- **FDA** – 14% workforce furloughed
- **CMS** – will have enough to fund Medicaid through the first quarter of FY26.
- **Labor Department** – Bureau of Labor Statistics halts data reporting.
- **IRS** – Operates 5 days on reserve funds, then furloughs.

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Continuing Resolution – Bill Comparison

Healthcare Extenders – House CR (H.R. 5371)

- Extends certain **Medicare telehealth flexibilities** (COVID-era)
- **Delays Medicaid DSH cuts** (temporary)
- Extends funding for:
  - **Community Health Centers**
  - **National Health Service Corps**
  - **Teaching Health Center GME**
- Continues **low-volume hospital / Medicare-dependent hospital adjustments**
- Extends **Acute Hospital Care at Home program Does not extend ACA enhanced premium tax credits**
- Narrowly focused: avoids repealing "One Big Beautiful Bill" health provisions

Healthcare Extenders – Democratic CR (S. 2882)

- Extends many of the same "health extenders" as House CR (**telehealth, DSH delay, workforce, hospital add-ons**)
- **Certified Community Behavioral Health Clinic (CCBHC) demo extended** through Oct. 31, 2025
- **Low-volume hospital adjustment** continued into FY 2026
- **Permanent extension of ACA enhanced premium tax credits**
- **Repeals health subtitle cuts** from the "One Big Beautiful Bill" (restoring Medicaid funding, etc.)
- Includes other short-term Public Health Service Act extenders (e.g., diabetes programs)

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Medicare Operations During Shutdown

- **Claims Holds:** CMS directs temporary hold on some payments to ensure accuracy; minimal provider impact due to 14-day payment floor.
- **Telehealth Limits:** Pre-COVID restrictions return October 1, 2025 (except for behavioral/mental health). No payment for many home or non-rural services; hospice recertifications require in-person encounter.
- **Provider Impact:** Practitioners may need Advance Beneficiary Notices (ABNs) for non-covered telehealth services.
- **ACO Exception:** Shared Savings Program ACOs can continue covered telehealth services without geographic limits, unaffected by shutdown.

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Legislative Recap – One Big Beautiful Act

As enacted, the Act (P.L. 119-21) includes –

- **Medicaid Provider Tax Cap Reduction:**
  - The provider tax cap will be gradually reduced from 6% to 3.5% over time, starting in FY 2032, with a phased decrease from FY 2028 to FY 2032. This applies specifically to Medicaid expansion states. Exempts nursing homes.
- **Payment Limits for State-Directed Payments:**
  - The current payment limit will be reduced from the average commercial rate to 110% of Medicare in expansion states and 100% in non-expansion states. Existing payments will decrease by 10% annually until reaching these limits.
- **Work Requirements for Adults Without Disabilities:**
  - Starting December 2026, able-bodied adults will be required to "work" at least 80 hours per month to maintain Medicaid eligibility. States may request short-term exceptions, especially in high unemployment areas.

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Legislative Recap – One Big Beautiful Act

As enacted, the Act (P.L. 119-21) includes –

- **Cost-Sharing Policies:**
  - Enrollees earning above 100% of the federal poverty level may face copayments up to $35 per service, with exemptions for primary, prenatal, pediatric, emergency, and certain clinic services. States can impose higher premiums on those with incomes over 150% FPL.
- **Medicaid Waivers and Flexibility:**
  - As of 2025, CMS has ceased approving new waivers for continuous eligibility and workforce training, though California's Section 1115 waiver remains active until 2026. States can still apply for other waivers to expand or modify services.
- **10-year moratorium on the federal nursing home staffing mandate**
- **Impact on Home & Community based services**

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Trump's Approach to Lowering U.S. Drug Prices

Voluntary Pressure on Pharmaceutical Companies:
- President Trump sent letters demanding companies lower U.S. drug prices to match those in affluent countries.
- Pfizer has responded by adjusting pricing strategies.

Potential Regulatory Actions:
- The White House is reviewing regulations to enforce global benchmark pricing for drugs.
- Plans to impose a **100%** tariff on branded drugs from October 1 unless their makers are investing in America – delayed to see industry response.

Regulatory Developments:
- The Centers for Medicare and Medicaid Services (CMS) is reviewing a proposal to set drug prices based on a "global benchmark."

Policy Goals:
- Extend most-favored nation (MFN) pricing to all Medicaid drugs and new drug launches.
- Implement direct-to-consumer pricing programs for certain medications.

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Senate Aging Committee – Agenda

1. EXAMINE DRUG SUPPLY

2. SAFETY

3. WORKFORCE

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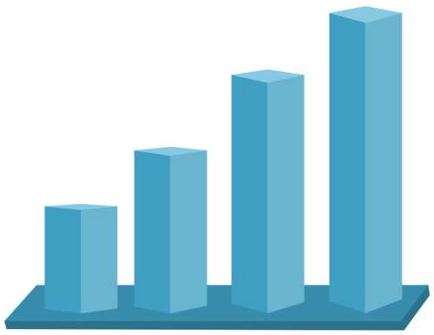
Senate Aging Committee – Statistics

- In 2021, a federal study found that **88.6%** of older Americans surveyed reported having been prescribed at least one medication in the past 12 months.
- **91%** of prescriptions filled are for generic drugs.
- The U.S. currently depends on overseas manufacturers for about **75%** of its essential drug supply.
- Over **40%** of generic drugs sold in the U.S. have just one FDA-approved manufacturer.



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Outstanding Health Care Issues

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PBM Reform

DOC Pay

Site Neutral Payments

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Trump's Executive Orders (1/2)

DATE	EXECUTIVE ORDER	SUMMARY
1/28/25	Protecting Children from Chemical and Surgical Mutilation	Prohibits federal funding or support for medical procedures altering a minor's sex; directs agencies enforce limits and requires HHS review related medical guidelines
2/13/25	Establishing the President's Make America Healthy Again Commission	Establishes the Make America Healthy Again Commission tasked with addressing reported diagnostic increases in childhood metabolic issues, autoimmune disorders, and mental health
2/15/25	Keeping Education Accessible and Ending Covid-19 Vaccine Mandates in Schools	Directs Education Secretary to issue guidance discouraging school COVID-19 vaccine mandates and submit a plan within 90 days detailing steps to halt such requirements
2/18/25	Expanding Access to In Vitro Fertilization	Establishes a White House policy plan with stated goals of reducing costs associated with In Vitro Fertilization (IVF) treatments and increasing patient access to them
2/25/25	Making America Healthy Again by Empowering Patients with Clear, Accurate, and Actionable Healthcare Pricing Information	Strengthens enforcement of healthcare price transparency rules; requires hospitals and insurers disclose actual prices, standardize reporting, and ensure compliance to aid consumers

SOURCE – White House
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Trump's Executive Orders (2/2)

DATE	EXECUTIVE ORDER	SUMMARY
4/15/25	Lowering Drug Prices by Once Again Putting Americans First	Restores Trump-era drug pricing reforms; expands drug importation programs, speeds up generic drug approvals, and targets pharmacy middlemen, aiming to lower medication costs
5/5/25	Regulatory Relief To Promote Domestic Production Of Critical Medicines	Directs FDA, EPA, and Army Corps to eliminate regulatory barriers, streamline inspections, and speed permits; stated aims: boost US drug production and cut foreign supplier reliance
5/12/25	Delivering Most-Favored-Nation Prescription Drug Pricing To American Patients	Directs agencies pursue "most-favored-nation" drug pricing; stated goal is ensuring Americans don't pay more than those in other nations and mandates strong action for noncompliance
7/24/25	Ending Crime and Disorder on American Streets	Directs agencies to redirect homelessness funding to treatment-based programs, penalize harm reduction sites, and condition grants on enforcement of drug, homelessness and mental health laws
7/31/25	President's Council on Sports, Fitness, And Nutrition, and the Reestablishment of the Presidential Fitness Test	Renews the Presidential Fitness Test via the President's Council on Sports, Fitness, and Nutrition, with the stated purpose of advancing youth sports, health, and national fitness
8/13/25	Ensuring American Pharmaceutical Supply Chain Resilience By Filling the Strategic Active Pharmaceutical Ingredients Reserve	Directs HHS to ensure the 6-month supply of 26 critical drugs Active Pharmaceutical Ingredients; requires the HHS to update its list of drugs and create plan for securing API for them

SOURCE – White House
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