



# HK Health Dose: March 11, 2025

A weekly dose of healthcare policy news

## Looking Ahead: Congress Faces Funding Deadline

Government funding runs out later this week, putting the onus on the U.S. Congress to pass a stop-gap funding measure called a continuing resolution (CR). Republican leaders in the U.S. House of Representatives [released a 99-page CR](#) on March 8, 2025 to fund the federal government through Sept. 30, 2025. Despite discussions about advancing a "clean" CR without extemporaneous provisions, the CR includes significant cuts to the Congressionally Directed Medical Research Program (CDMRP), reducing its funding from \$1.509 billion to \$650 million, a 57 percent cut from the fiscal year (FY) 2024 enacted level. The CDMRP is a U.S. Department of Defense (DOD) program that receives congressional appropriations explicitly for biomedical research in specific, congressionally-identified health matters. House Democratic leaders issued a press release stating they will not provide votes to help pass the CR, meaning House Republicans will have to pass the CR with room for limited defections. The House will vote on passage of the CR on March 11, 2025. At least eight Democratic votes will be required to pass the CR in the U.S. Senate.

## Hearings This Week: Senate Committees to Vote on Key Health Nominees and Hold Hearings on Veterans' Legislation

The Senate Committee on Health, Education, Labor and Pensions (HELP) will vote on advancing Dr. Jayanta Bhattacharya's nomination to be director of the National Institutes of Health (NIH) and Dr. Martin Makary's nomination to be commissioner of the U.S. Food and Drug Administration (FDA) on March 13, 2025.

Dr. David Weldon, nominated to be director of the Centers for Disease Control and Prevention (CDC), will have his confirmation hearing on March 13, 2025. This is the first-ever hearing to consider a nominee to lead the CDC since Congress passed a law making the position subject to Senate approval. The Senate Committee on Finance will hold a hearing on the nomination of Dr. Mehmet Oz to lead the Centers for Medicare & Medicaid Services (CMS) on March 14, 2025.

The House Committee on Ways and Means Subcommittee on Health will hold a hearing on March 11, 2025, "[After the Hospital: Ensuring Access to Quality Post-Acute Care](#)." On March 11, 2025, at 2:15 p.m., the House Committee on Veterans' Affairs Subcommittee will hold a [legislative hearing on pending legislation](#).

## Week in Review: House Committee on HELP Reviews Nominees for NIH and FDA Leadership

Hearings on President Donald Trump's nominees to lead the NIH and the FDA were held by the Senate HELP Committee on March 5-6, 2025. A Holland & Knight Healthcare Blog has [an overview on both confirmation hearings](#).

## ADMINISTRATIVE UPDATES

### Healthcare in Trump Address to Congress

President Trump delivered the first address of his second term to a joint session of Congress on March 4, 2025, focusing on a theme he dubbed the "Renewal of the American Dream." The speech, lasting nearly 100 minutes, set a record as the longest speech delivered to a joint session. During his address, President Trump outlined his domestic policy priorities, emphasizing immigration reform, tariffs, tax cuts and a restructuring of the federal government. Although healthcare wasn't a central theme, President Trump did mention the newly formed Presidential Commission to Make America Healthy Again, pledging to tackle the rising rate of childhood cancer. "Our goal is to remove toxins from our environment, eliminate poisons from our food supply, and keep our children healthy and strong," President Trump declared.



## Executive Order Updates

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

## HRSA Opens Applications for OPTN Board of Directors

The Health Resources and Services Administration (HRSA) is now accepting [applications for new members](#) to join the Organ Procurement and Transplantation Network (OPTN) Board of Directors as part of the ongoing OPTN modernization initiative. The deadline for submitting applications is April 4, 2025.

## CCSQ and HRSA Release Memos on Gender-Affirming Care

The Center for Clinical Standards and Quality (CCSQ) and the HRSA have both issued memos addressing gender-affirming care in response to President Trump's executive order. CCSQ's memo alerts providers that the agency may take steps in the future to align policies aimed at protecting children from what it terms "harmful, often irreversible mutilation, including sterilization practices." Similarly, HRSA sent a memo to hospital administrators, colleagues and grant recipients, emphasizing the review of the Children's Hospitals Graduate Medical Education Program funding in relation to gender-affirming care practices. These actions underscore the Trump Administration's ongoing focus on revising policies surrounding gender-affirming treatments for minors.

## Senators Request Information from CMS Regarding Agency Layoffs

Sens. Ron Wyden (D-Ore.) and Angus King (I-Maine) [sent a letter](#) to CMS Acting Administrator Stephanie Carlton, asking for detailed information on the job functions of employees who were laid off by the agency.

## Personnel Updates

Jim Traficant will be Chief of Staff for the FDA. In this role, Mr. Traficant will be FDA's liaison with other federal agencies on public health efforts and legislative activities. He will also work closely with Dr. Martin Makary, if confirmed. Mr. Traficant previously served on President Trump's FDA transition team since the inauguration.

## LEGISLATIVE UPDATES

### Congress Faces Funding Deadline as Healthcare Extenders Take Priority

For now, reconciliation conversations have slowed as Congress turns its attention toward the March 14, 2025 funding deadline. Healthcare extenders included in the CR include:

- extension of certain provisions for low-volume hospitals and the Medicare-dependent hospital program
- extension of add-on payments for ambulance services
- ongoing funding for quality measure endorsement, input and selection
- continued outreach and assistance for low-income programs
- extension of the work geographic index floor
- prolonged telehealth flexibilities
- extension of authorities for acute hospital care at home waivers
- temporary inclusion of authorized oral antiviral drugs as covered Part D drugs
- delaying Medicaid disproportionate share hospital (DSH) reductions
- continuation of Medicare sequestration

This CR, however, does not address other healthcare priorities, including the physician payment fix, as leadership was concerned about maintaining unity within the conference if other policies were added. It's worth noting that Senate leadership has not yet declared the House bill dead on arrival, which suggests that Democrats are hesitant to kill the measure if it passes the House. At least eight Senate Democrats will need to support the CR in order to meet the 60-vote



threshold required to overcome a filibuster. While Senate Republicans hold 53 seats, Sen. Rand Paul (R-Ky.) has already stated he will vote against the CR. If the CR fails in the House, it could provide Democrats with more leverage to negotiate a shorter-term stopgap. On March 10, 2025, Democratic Appropriations Ranking Members Sen. Patty Murray (D-Wash.) and Congresswoman Rosa DeLauro (D-Conn.) unveiled an alternative short-term CR that would keep the government funded through April 11, 2025, and provides \$750 million more in emergency funding for disaster relief funding, among other provisions.

## **CBO Outlines Mandatory Spending, Excluding Medicare, in Energy and Commerce Committee Jurisdiction**

In response to a Democratic inquiry, the Congressional Budget Office (CBO) [issued a letter](#) outlining Medicaid as a key source of potential savings in the reconciliation process. While the inquiry specifically asked the CBO to exclude Medicare from its analysis, the committee holds jurisdiction over Medicare, and there is nothing preventing it from considering savings from Medicare, including the implementation of site-neutral policies. The CBO emphasized that the estimated \$880 billion in savings from the committee would likely include reductions to Medicaid.

## **REGULATORY UPDATES**

### **General Services Administration (GSA) Property Confusion**

On March 4, 2025, GSA identified 443 buildings, structures and plots across 47 states, Puerto Rico and Washington, D.C. as potential targets for sale and then deleted the list. The website now states that GSA is "identifying buildings and facilities that are not core to government operations, or non-core properties, for disposal. Selling ensures that taxpayer dollars are no longer spent on vacant or underutilized federal spaces. Disposing of these assets helps eliminate costly maintenance and allows us to reinvest in high-quality work environments that support agency missions." The U.S. Department of Health & Human Services (HHS) headquarters was included on the list of buildings targeted for potential sale, indicating the Trump Administration may move forward on efforts to move portions of the federal workforce outside of Washington, D.C.

### **Tariffs on Mexico, Canada and China Update**

Last week, the Trump Administration announced that all goods entering the U.S. under the U.S.-Mexico-Canada Agreement (USMCA) will receive a one-month reprieve from the newly imposed 25 percent tariffs. As of March 6, 2025, due to a series of tariff modifications, the below specifics apply:

- 25 percent tariffs on goods that do not satisfy USMCA rules of origin
- a lower 10 percent tariff on those energy products imported from Canada that fall outside the USMCA preference
- a lower 10 percent tariff on any potash imported from Canada and Mexico that falls outside the USMCA preference
- no tariffs on goods from Canada and Mexico that claim and qualify for USMCA preference until April 2, 2025

More information can be found in the [Canada order](#), the [Mexico order](#) and a [fact sheet](#). *Federal Register* notices are also being implemented for [Canada](#) and [Mexico](#).

### **Medicare Payment Advisory Commission (MedPAC) Holds March Monthly Meeting**

On March 6-7, 2025 MedPAC held its monthly public meeting. The [agenda included sessions](#) on physician fee schedule updates, beneficiary cost-sharing for outpatient services at critical access hospitals, Medicare insurance agents, Medigap, payment for ground ambulance services, Medicare Advantage (MA) utilization and institutional special needs plans. Notably, regarding the physician fee schedule, MedPAC staff outlined two draft recommendations for Congress:

- Replace current-law updates with a single annual update based on a portion of Medicare Economic Index (MEI) growth



- Direct the Secretary of HHS to improve the accuracy of relative payment rates by updating cost data regularly and ensuring that the methodology used to determine payment rates for different services reflects the settings in which clinicians practice medicine
- Commissioners also provided broad support for both recommendations, with several commissioners advocating for adding ceiling and floor parameters to the MEI-based update formula to protect against inflation volatility, while some preferred a percentage of MEI rather than a subtracted percentage point

Regarding payment for Ground Ambulance Services, MedPAC was required by the Bipartisan Budget Act of 2018 to assess the adequacy and geographic variation of Medicare payments for ground ambulance services. MedPAC's preliminary analysis found a strong inverse relationship between ambulance response volume and cost per response – high-volume providers have lower average costs, while low-volume providers have higher costs.

Significant cost variation was also noted based on ownership status and service area location. Medicare covers ambulance transport through mileage, as well as through services provided during transport, with adjustments for factors like rural status, service complexity and geographic labor costs.

Moving forward, MedPAC will compare Medicare payments to costs, work to reduce administrative burdens related to data collection and explore ways to streamline these processes.

## CMS Rescinds Certain Section 1115 Waivers

On March 4, 2025, the [CMS announced](#) it would rescind two Center Informational Bulletins (CIBs) sharing information with state Medicaid and Children's Health Insurance Program (CHIP) on programs related to health equity and addressing health-related social needs (HRSNs). The documents previously shared guidance with states on how to close gaps in social determinants of health (SDOH) through Section 1115 waivers. While the rescission of the guidance documents does not impact current Medicaid and CHIP funding, it suggests that the Trump Administration may consider changes to other programs related to health equity.

## Patient Protection and Affordable Care Act; Marketplace Integrity and Affordability Proposed Rule

On March 10, 2025, CMS released its first proposed rule under the current administration: the 2025 Marketplace Integrity and Affordability Proposed Rule. Notably, the rule is still listed on the OMB's "pending review" website and has not yet been posted on the *Federal Register* display site. [The rule](#), the [press release](#) and the [fact sheet](#) are available online. Public comments on the proposed rule are due within 30 days of it being posted in the *Federal Register*.

## Generally Recognized as Safe (GRAS) Standard Under Scrutiny

On March 10, 2025, HHS Secretary Robert F. Kennedy Jr. directed the FDA to explore potential rulemaking to tighten or eliminate the GRAS standard for products under its jurisdiction. Specifically, Secretary Kennedy noted in a statement that he directed the FDA to consider eliminating the ability of companies to 'self-affirm' whether an ingredient or additive is safe for its intended use. Currently, companies can self-affirm whether an ingredient meets the GRAS standard which bypasses FDA review. The HHS directive underscores the Trump Administration's efforts to deliver enhanced transparency on ingredients in food as part of the Make America Healthy Again agenda and follows comments from both Secretary Kennedy and FDA commissioner nominee Dr. Martin Makary to address potential linkages between food additives and chronic disease by revisiting the GRAS standard.

## JUDICIAL UPDATES

- **Agency Staff Terminations:** The memorandum titled, "[Guidance on Probationary Periods, Administrative Leave and Details](#)," which was issued Jan. 20, 2025, has been revised in a [memo issued](#) March 6, 2025 due to a recent court decision. The judge ruled on Feb. 27, 2025, that the U.S. Office of Personnel Management (OPM) lacked the authority to make hiring or termination decisions for other agencies.



- **Indirect Costs:** On March 5, 2025, a U.S. District Court in Massachusetts issued a preliminary injunction blocking the NIH from implementing a Feb. 7, 2025 "supplemental guidance" notice that would establish "a standard indirect rate of 15 percent across all NIH grants for indirect costs in lieu of a separately negotiated rate for indirect costs in every grant."
- **Gender-Affirming Care:** On March 4, 2025, a federal judge extended a temporary injunction preventing the Trump Administration from halting federal funding for hospitals and physicians providing gender-affirming care to patients under 19 years old. The judge's ruling applies nationwide and follows a separate lawsuit filed by four states and several physicians who sued to block the executive order from taking effect.
- **Access to Abortion Services:** On March 4, 2025, the U.S. Department of Justice (DOJ) announced it would drop its case against an Idaho hospital brought by the previous administration. The previous administration brought the lawsuit following complaints the hospital had violated the Emergency Medical Treatment and Labor Act (EMTALA), which requires all hospitals receiving funding from Medicare to provide stabilizing treatments. The previous administration argued EMTALA extended to life-saving abortion services.