

## McDermott+ Check-Up: May 2, 2025

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### THIS WEEK'S DOSE

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- **House Committees Begin Reconciliation Markups.** Non-health-related committees moved forward this week, with the House Energy and Commerce Committee tentatively scheduled to mark up its legislative text in the coming weeks.
- **House Energy and Commerce Committee Advances Health Bills.** The bills include the SUPPORT Act reauthorization and other public health legislation.
- **Senate Appropriations Committee Examines Biomedical Research.** Senators voiced broad bipartisan support for federal research funding.
- **House Oversight and Government Reform Subcommittee on Cybersecurity, IT, and Government Innovation Holds Hearing on IT Modernization.** The hearing examined how information technology (IT) modernization could impact the efficiency and functionality of the federal government.
- **Administration Releases FY 2026 "Skinny" President's Budget.** The fiscal year (FY) 2026 budget request is abbreviated, or "skinny," which is common in a new administration and will be followed by a full budget request at a later date.
- **Administration Publishes Report on Gender-Affirming Care.** The report outlines action taken to comply with an executive order and was followed by a published review of evidence for the treatment of gender dysphoria and the associated ethical considerations.
- **SCOTUS Rules Against DSH Hospitals.** The Supreme Court of the United States (SCOTUS) sided with the administration in a challenge to how Medicare disproportionate share hospital (DSH) payments are calculated.

### CONGRESS

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**House Committees Begin Reconciliation Markups.** Multiple committees in the House – although none in the healthcare space – advanced their “committee prints” this week, which include the provisions within their jurisdiction for the House’s budget reconciliation package. This process will continue into the week of May 12, when the House Energy and Commerce Committee is tentatively scheduled to hold its markup to finalize the \$880 billion in savings across Medicaid, the Children’s Health Insurance Program, and Medicare. The Ways and Means Committee is also signaling that it may be ready to move a tax package forward the same week.

Several Republicans representing competitive seats have been discussing with committee and House Republican leadership their concerns about policies that they perceive as cutting Medicaid. Rep. Bacon (R-NE) has publicly stated that he will not support more than \$500 billion in Medicaid savings. The components most widely expected to be included in the Energy and Commerce Medicaid package include work requirements, more stringent and frequent eligibility verifications, and repeal of Biden-era Medicaid eligibility regulations. In recent days, focus also has been on Medicaid provider tax changes and potentially converting the Medicaid expansion population to a per capita cap. The challenge facing Energy and Commerce is the need to get to \$880 billion in savings across its jurisdiction. While the committee is expected to get some savings out of energy policy changes and spectrum auction, Medicaid is its largest target. Meanwhile, Energy and Commerce Democrats released a [report](#) showing how many individuals would lose coverage if national work requirements were implemented.

Once all House committees have passed their packages, the House Budget Committee will combine the legislative texts and vote on the entire package, followed by a vote on the House floor. (Note that the Budget Committee’s package does not need to directly resemble the packages passed out of each committee.) Then, it will be the Senate’s turn to act. Speaker Johnson’s (R-LA) goal is for the House to pass the package before Memorial Day, and to have it signed into law by July 4, 2025, although that timeline is not guaranteed. The biggest factor that would enforce a real deadline is if the US Department of the Treasury were to announce an earlier date than anticipated for the United States hitting the debt ceiling. That pronouncement was expected this week but appears to have slipped. There is no indication that the date will be earlier than late summer or early fall. This is directly relevant to reconciliation because Republicans hope to address the debt limit increase as part of that process.

**House Energy and Commerce Committee Advances Health Bills.** This week’s [markup](#) considered six pieces of healthcare legislation largely related to public health. All passed with broad bipartisan support, although two had some Democratic pushback:

- [H.R. 2483](#), the SUPPORT Reauthorization Act of 2025, would reauthorize certain programs that provide for opioid use disorder prevention, treatment, and recovery.
  - The bill passed 36 – 13. All Republicans voted aye. Democrats were almost evenly split, with opponents citing concerns about workforce cuts at the Substance Abuse and Mental Health Services Administration, the agency responsible for administering the legislation’s programs.
- [H.R. 2484](#), the Seniors’ Access to Critical Medications Act of 2025, would establish an exception to the physician self-referral prohibition for certain outpatient prescription drugs furnished by a physician practice under the Medicare program.
  - The bill passed 38 – 7. All Republicans and most Democrats voted aye. The seven Democrats who voted against the bill stated their concerns that the policy would increase healthcare consolidation.

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For more information about the bills, view the [markup memo](#).

**Senate Appropriations Committee Examines Biomedical Research.** During the [hearing](#), members from both parties voiced their support for biomedical research. Democrats expressed concern over the implications of federal cuts and mass firings on future research, and Republicans acknowledged the importance of federal funding for lifesaving research.

**House Oversight and Government Reform Subcommittee on Cybersecurity, IT, and Government Innovation Holds Hearing on IT Modernization.** During the [hearing](#), Democrats emphasized the essential role of a qualified modern IT workforce for the security, efficiency, and effectiveness of federal systems, and highlighted the negative impacts of replacing federal workers with artificial intelligence. Republicans focused on identifying the biggest barriers to change, such as procurement requirements, hiring processes, budget limitations, and bureaucratic hurdles. They stressed the importance of modernizing federal IT to improve overall government efficiency.

## ADMINISTRATION

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**Administration Releases FY 2026 “Skinny” President’s Budget.** The abbreviated [budget request](#) only includes discretionary items and, ultimately, is a document that sets forth the administration’s policy priorities. While the budget request is expected to provide guidance to Congress as it begins the FY 2026 appropriations process, the priorities and funding levels included in the document will not necessarily be the final levels that are approved by Congress. The budget requests a 22% cut to domestic spending overall, including large cuts to the US Department of Health and Human Services (HHS). Health-related highlights include:

- \$93.8 billion for HHS, a 26.2% decrease from the FY 2025 level of \$127 billion. This includes cuts to various agencies, such as:
  - \$3.6 billion from the Centers for Disease Control and Prevention
  - \$18 billion from the National Institutes of Health
  - \$674 million from the Centers for Medicare & Medicaid Services (CMS)
- \$500 million to support the Making American Healthy Again Commission.
- The full elimination of several programs, including the Administration for Strategic Preparedness and Response Hospital Preparedness Program and the Community Services Block Grant.

The administration also released other facts sheets and supporting documents [here](#).

**Administration Publishes Report on Gender-Affirming Care.** The [report](#) provides updates on actions taken by the administration to implement executive order (EO) 14187, “[Protecting Children from Chemical and Surgical Mutilation](#).” Cited actions include:

- HHS:
  - Began work on the required literature review of best practices to treat children with gender dysphoria. The [report](#) was also published this week.
  - Began reviewing data tools to ensure that federal data collection aligns with the administration’s definition of medically useful information.
  - Eliminated 215 grants to medical institutions that provide gender-affirming care.
- CMS issued a quality and safety special alert [memo](#) entitled “Protecting Children from Chemical and Surgical Mutilation.”
- The US Department of Defense and Office of Personnel Management have taken steps to

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exclude coverage of gender-affirming care for minors.

- The US Department of Justice:
  - Prepared guidance to enforce laws outlawing female genital mutilation.
  - Initiated investigations of multiple entities that allegedly misled the public about long-term side effects of gender-affirming care.
  - Drafted and submitted for review legislation creating a private right of action for children who have received gender-affirming care and their parents.
  - Prepared to establish a Parental Rights Task Force.

## COURTS

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**SCOTUS Rules Against DSH Hospitals.** The 7 – 2 [ruling](#) sided with HHS in a case about how DSH payments are calculated. CMS only counts Medicare enrollees who received supplemental security income (SSI) cash payments during the same month they received hospital care as low-income patients for the purposes of DSH payment. The plaintiff hospitals argued that CMS should include all patients in the SSI system at the time of their hospitalization. SCOTUS found that CMS's formula was adequate, meaning that DSH hospitals will receive lower payments than they believe they are entitled to.

## QUICK HITS

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- **Ways and Means Republicans Outline Priorities for CMS Innovation Center.** In a [letter](#) led by House Ways and Means Committee Chair Smith (R-MO) and Health Subcommittee Chair Buchanan (R-FL), 25 Republican committee members asked CMS Administrator Oz and CMS Innovation Center Director Sutton to focus on payment models that save money and improve transparency, ensure solicitation of stakeholder feedback, and renew attention on improving rural healthcare.
- **CBO Explains Its Role in Budget Reconciliation Process.** In a [blog post](#) and a [letter](#) to Reps. Pfluger (R-TX) and Westerman (R-AR), the Congressional Budget Office (CBO) outlined how it develops cost estimates during reconciliation and how CBO and the Joint Committee on Taxation collaborate during that process.
- **ASTP/ONC Takes Deregulation Actions.** The Assistant Secretary for Technology Policy/Office of the National Coordinator for Health IT (ASTP/ONC) clarified that it is using its nonenforcement discretion in relation to insights condition and maintenance of certification [reporting requirements](#) and USCDI v3 [data elements](#) related to sexual orientation and gender identity.
- **HHS Announces Universal Vaccine Technology.** Generation Gold Standard was [developed](#) by the National Institute of Allergy and Infectious Diseases and aims to protect against multiple strains of the same virus, including influenza and coronaviruses.
- **GAO Releases Reports on Prescription Drugs.** In a statutorily required [report](#), the US Government Accountability Office (GAO) described CMS's implementation of the Inflation Reduction Act Medicare drug negotiation program and inflation rebate program. An additional [report](#) included findings on the market presence of nonprofit drug companies.
- **GAO Releases Additional Reports on Human Genomic Data, Nursing Homes.** GAO [urged](#) HHS to systemically track the use of foreign testing labs and strengthen oversight of security measures, and [recommended](#) that the US Department of Veterans Affairs identify additional enforcement actions to ensure that nursing homes comply with quality standards.
- **Senators Introduce Resolution to Reinstate Richardson Waiver.** Sens. Wyden (D-OR),

Markey (D-MA), and King (I-ME) led 16 senators in introducing a [resolution](#) to reinstate the Richardson Waiver, which directed government agencies to use the more formal rulemaking process for rules regarding “public property, loans, grants, benefits, or contracts.” In February, HHS issued a [policy statement](#) rescinding the waiver. Read the senators’ press release [here](#).

## NEXT WEEK’S DIAGNOSIS

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Both chambers will be in session next week, with healthcare activity expected at the committee level, including:

- A House Oversight and Government Reform Committee hearing on the welfare state.
- Senate Finance Committee and Senate Health, Education, Labor, and Pensions (HELP) Committee nomination hearings for James O’Neill to be deputy HHS secretary (both committees), Gary Andres to be an assistant HHS secretary (Finance Committee), and Janette Nesheiwat to serve as Medical Director in the Regular Corps of the Public Health Service and Surgeon General of the Public Health Service (HELP Committee).

The House Energy and Commerce Committee will tentatively hold a markup of their reconciliation package the week of May 12.

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