



April 18, 2025

Welcome to *Washington Update*, the weekly e-newsletter on the latest health care happenings in the nation's capital that affect APG's members.

Table of Contents

- **Health Care Stakeholders Digest Scope Of Drastic Health Program Cuts Outlined In Leaked Administration Budget Documents**
- **Lowering Pharmaceutical Costs While Balancing Innovation Returns As A Core Agenda Item For The Trump Administration**
- **In Case You Missed It**
- **APG Announcements And Offerings**



Health Care Stakeholders Digest Scope Of Drastic Health Program Cuts Outlined In Leaked Administration Budget Documents

Even as almost daily shocks have become routine, health care stakeholders reacted this week with near disbelief to drastic funding cuts and program eliminations outlined in preliminary Trump administration budget documents. According to documents leaked to the [Washington Post](#), Trump budget officials propose to eliminate a third of discretionary budget of the Department of Health and Human Services (HHS) and overhaul or abolish dozens of divisions and federal health and social services programs that have formed the bedrock of the department's functions for decades.

The plans build on and extend HHS reorganization plans disclosed earlier ([Washington Update, March 21, 2025](#)) that would roll up remnants of some programs into a new \$20 billion Administration for a Healthy America (AHA), among other major changes. But along the

way, multiple divisions and functions would be scaled back or disappear, as follows:

- The **Head Start program**, part of HHS's Administration for Children and Families (ACF) that has "provided comprehensive early childhood development services to low-income children since 1965," would be eliminated, apparently ending any federal role in promoting school readiness. "The federal government should not be in the business of mandating curriculum, locations and performance standards for any form of education," the *Post* quoted the administration's budget document as saying. The previous Trump administration also tried to junk the program, despite a large body of [research](#) that has established links between early child care and education and improvements in short- and long-term health outcomes and life expectancy.
- The **Substance Abuse and Mental Health Services Administration (SAMHSA)**, the primary agency responsible for supporting community-based mental health and substance abuse treatment and prevention services, would be eliminated. As [described](#) by the Congressional Research Service, SAMHSA "provides federal funding to states, local communities, and private entities by administering block grants and other formula and discretionary grants," whose fate is uncertain under the budget plan disclosed.
- The budget of the **Centers for Disease Control and Prevention (CDC)** would fall by roughly 44 percent, to \$5.2 billion, wiping out all programs focused on chronic disease, battling domestic HIV, and prevention programs in areas such as obesity, diabetes, heart disease, and smoking cessation. Previously announced plans had detailed that the agency's focus would be narrowed to infectious disease only, even as most Americans continue to be sickened and die mainly of the effects of chronic illnesses such as heart disease and cancer.
- **The National Institutes for Health (NIH)**, the world's leading health research agency, would see its roughly \$47 billion annual budget cut by about 40 percent, eliminating substantial funding from both the agency's [intramural and extramural research](#). The agency's 27 institutes and centers would be consolidated to eight, eliminating the National Institute on Minority Health and Health Disparities and the National Institute of Nursing Research along the way.

The plans outlined could be changed as the administration prepares to submit its formal fiscal 2026 budget proposal to Congress, but if they survive, at least some congressional pushback is likely. HHS staffers briefing congressional committees recently encountered scores of questions about [extensive HHS staffing cuts](#) that reportedly left even Republican lawmakers dissatisfied. Among their top concerns is a reorganization plan for the Food and Drug Administration (FDA) that would merge its product review divisions into one and [replace](#)

[seasoned staff with contractors](#), leading to concerns about major disruptions in the agency's work and possibly defeating other Trump administration goals for speeding some drug approval and reclassification processes (see item below).



Lowering Pharmaceutical Costs While Balancing Innovation Returns As A Core Agenda Item

A new [executive order](#) on lowering prescription drugs prices issued this week by President Donald J. Trump couples some plans developed in the first Trump administration with newer proposals to alter provisions of the [Medicare Drug Price Negotiation Program](#) enacted under the Biden administration. The proposals also take aim at multiple pricing disparities in pharmaceutical markets as well as perceived structural issues such as the role of pharmacy benefit managers, or PBMs; it also tees up some measures, such as increased drug importation, that could be at odds with other potential administration policies, such as new tariffs on pharmaceuticals. Although some proposals could be accomplished through HHS actions and rulemaking, many would require enactment by Congress.

The order calls on HHS to undertake multiple efforts to lower Medicare drug costs both within and outside the price negotiation program while addressing some other concerns, such as the impact on pharmaceutical innovation. The Centers for Medicare and Medicaid Innovation is directed to develop and test a new "payment model" within a year to "improve the ability of the Medicare program to obtain better value" for drugs. In an apparent concession to pharmaceutical manufacturers, provisions of the statute underlying Medicare drug price negotiation would be changed to [equalize the period of time](#) during which newly approved small molecule drugs (currently seven years) and biological products (currently 11 years) are not subject to price negotiation.

Tackling price differences: The administration also mounts an attack on pricing disparities caused by markups in drug costs by health care providers and "middlemen," or PBMs. Community health centers are to be required "to provide insulin and EpiPens at or below 340B discounted prices to low-income individuals," rather than imposing markups; HHS is to "conduct a survey to determine the hospital acquisition cost for covered outpatient drugs in Medicare," another apparent effort to determine the extent of price markups. As in the first Trump administration, states are encouraged to import prescription drugs from Canada, with no mention of the prospect of paying new tariffs that the administration is also considering. Despite cutbacks at FDA, streamlined approval processes are also sought for generic drugs

and biosimilars, including improving the process through which prescription drugs can be reclassified as over-the-counter medications.

APG will chronicle further developments as they unfold and report on the possible impact for its members.



In Case You Missed It

- APG's [comment letter](#) to the Center for Medicare & Medicaid Services (CMS) on the agency's ACA Marketplace Integrity and Affordability Proposed Rule seeks modification of proposed changes that would result in an estimated 750,000 to 2 million enrollees losing health coverage.
- Some physicians saw a decrease in pay in 2024 as compensation continues to vary greatly among different specialties, according to the newly released Medscape [2025 compensation report](#).
- Of 18 CMMI models [analyzed](#) by Avalere, six demonstrated substantial net savings and six substantial net losses – but the authors argue that important learnings can still come from models that do not produce savings.
- Although as many as 16 million Americans are eligible to participate in the [Medicare Diabetes Prevention Program](#), only about 9,000 participated between April 2018 and March 2024, a new [evaluation report](#) to CMS finds.
- Pharmaceutical tariffs might increase U.S.-based manufacturing of branded drugs, but would imperil availability of generics, especially injectable drugs for conditions such as cancers, according to a [report](#) by the Brookings Institution.
- HHS Secretary Robert F. Kennedy, Jr. [declared autism an "epidemic"](#) that is "preventable," and vowed a new series of studies investigating links to environmental toxins. He dismissed findings of a new CDC [report](#) showing a rise in autism diagnosis attributed to increased identification through improved screening methods, not external factors.
- A sharp rise in patients seeking care and implementation of the V28 risk adjustment model drove a \$3 billion loss in first quarter profits at UnitedHealth Group, according to its new earnings [report](#).



APG Announcements And Offerings

- APG Hosted Webinar, "**Ready or Not, Here They Come! Delivering Value-Based and Patient-Centered Care for an Aging Population**," will take place on **Wednesday, April 23, 3:00 pm - 4:00 pm ET**. The webinar will be presented by Altura. Register [here](#).
- APG will host a **Learning Session about the 2026 Medicare Advantage Rate Notice and Final Rule** on **Wednesday, April 30, 12:00 pm - 1:00 pm ET**. Register [here](#).
- **APG members focused on dementia care** - although not within the GUIDE model - are invited to participate in a partnership between the National Quality Forum and the CMS Innovation Center to create a new measure of the burden on caregivers of persons with dementia. Please review the [details](#) about this opportunity and reach out to caregiverburden@qualityforum.org if interested.
- Registration is open for the [APG Spring Conference 2025](#) — **Kickstarting Accountable Care: Innovations for an Urgent Future, May 14-16, in San Diego, CA**. Groups of 5 or more that register together receive an additional \$50 savings per registrant. **New this year: bundle your savings!** All APG Spring Conference 2025 registrants will have an opportunity to register for the APG Fall Conference 2025 at the lowest price of the year, with discounts up to \$400. Simply follow the link on your Spring Conference confirmation e-mail to register for Fall now!
- There is still time to become a sponsor of the **APG Spring Conference 2025**, May 14-16, in San Diego. Visit our [Spring Conference 2025 sponsor website](#) and reserve your space today!
- Want to get more involved in APG's Federal advocacy efforts? [Join APG Advocates today](#).

Know people who may enjoy receiving *Washington Update*? Forward this email and have them contact communications@apg.org to be added to the subscription list. Visit APG's [website](#) for more news and resources, or contact communications@apg.org.