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Health Care Alert

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Congress Releases FY 2026 HHS Funding, Health Extenders Compromise Package

On Tuesday (January 20), congressional leaders released legislative text of a bipartisan, bicameral compromise that would fund the Department of Health and Human Services (HHS) for fiscal year (FY) 2026 and extend several health care programs, including Medicare telehealth flexibilities. The agreement does not include funding to revive the Affordable Care Act's enhanced premium tax credits that expired on December 31. It also does not include policies in President Trump's "Great Healthcare Plan" to expand tax-preferred accounts and codify his Most Favored Nations deals, however it does include additional transparency provisions for pharmacy benefit managers (PBMs) and hospitals.

The HHS appropriations and health extenders bill was released as part of a deal that includes funding for the departments of Defense; Labor and Education; Transportation, Housing and Urban Development; and Homeland Security. Congress has until January 30 to pass the package to avoid a partial federal shutdown. House leaders are expected to hold a vote on the package later this week. If passed, the Senate would then be expected to take up the package next week when it returns from recess.

- Press releases: [House Majority](#), [House Minority](#), [Senate Majority](#), [Senate Minority](#)
- Bill summaries: [House Majority](#), [House Minority](#), [Senate Majority](#), [Senate Minority](#)
- [Bill text](#), [Joint explanatory statement](#)

HHS Appropriations Details

The package would provide \$116.6 billion in discretionary funding for HHS. The HHS appropriations bill largely rejects the steep cuts requested by the White House, including those for the National Institutes of Health (NIH) and the Centers for Disease Control and Prevention (CDC). The bill also does not include funding for the Trump Administration's [proposed](#) new agency, the Administration for a Healthy America, or broader HHS restructuring plans.

However, the package does include increased funding for programs related to the Make America Healthy Again (MAHA) agenda, including \$54.3 million for programs related to nutrition, physical activity and obesity; \$1.9 billion for primary care; \$1.4 billion to strengthen the health care workforce; \$1.2 billion to support maternal and child health; and \$418 million to improve rural health care. The package also includes \$692 million for global health and \$3.2 billion for the research, development, and procurement of medical countermeasures to combat chemical, biological, radiological, and nuclear threats.

Below is an overview of spending by key health agencies:

- NIH would receive \$48.7 billion in discretionary funds, up \$415 million from FY 2025. The package contains language that limits the number of multi-year grants the agency can pay out up front and does not include the administration's proposed cap on indirect costs.

- **CDC** would receive \$9.2 billion in discretionary funding. The bill also includes funding for several CDC centers that the White House's budget request did not fund, requires HHS to support staffing levels to operate the CDC's programs, and removes the CDC's social determinants of health.
- **CMS** would receive \$4.1 billion in discretionary funding for administrative expenses, in line with FY 2025 funding.
- Health Resources & Services Administration (HRSA) would receive \$8.9 billion. The bill includes language raising concerns about the potential impact of the 340B Rebate Model Pilot Program on patients' costs and access to medications and directs HRSA to brief committees on the pilot within 30 days of enactment.
- **Substance Abuse and Mental Health Services Administration (SAMHSA)** would receive \$7.4 billion, up about \$65 million from FY 2025, including \$1.6 billion for the State Opioid Response Grants.
- **Administration for Strategic Preparedness and Response (ASPR)** would receive \$3.7 billion, up \$58 million from FY 2025 levels.
- **The Office of the National Coordinator for Health IT (ONC)** would receive \$69 million, including \$5 million to support interoperability and information sharing activities.
- **The Office of Inspector General** would receive \$87 million.
- **The Office for Civil Rights** would receive \$39.8 million.

In addition, the bill includes:

- \$1.9 billion for Community Health Centers
- \$130 million for the National Health Service Corps
- A \$5 million funding increase for the Organ Procurement and Transplantation Network (OPTN) Modernization Initiative
- \$2.6 billion for Ryan White HIV/AIDS program
- More than \$5.5 billion for mental health research, treatment, prevention and workforce investments.

Health Extenders & Policy Riders

The package includes several dozen health care program extensions and policy riders, including some that were included in the failed December 2024 bipartisan package. The table below provides an overview of health care extenders and provisions impacting providers, payers, pharmaceutical companies, PBMs and other health care industry stakeholders.

Table 1: Labor-HHS Health Extenders (non-comprehensive)

Provision	Details	Key dates
Telehealth		
Sec. 6209. Medicare Telehealth Flexibilities	Removal of geographic requirements and originating site expansion; Expansion of eligible practitioners; Allows Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) to provide telehealth services;	Expires December 31, 2027

	Allows audio-only telehealth services; Allows telehealth for hospice care recertification; Delays in-person requirements for mental telehealth services, including those furnished at FQHC and RHCs	Expires January 1, 2028
Sec. 6210. Acute Hospital Care at Home Waiver	Extends Acute Hospital Care at Home waiver; requires HHS to conduct a study and report to Congress on the program by September 30, 2029	Expires September 30, 2030
Sec. 6211. In-home Cardiopulmonary Rehabilitation Flexibility	Extends a telehealth flexibility allowing cardiopulmonary rehabilitation services to be furnished via telehealth at a beneficiary's home under Medicare	Expires December 31, 2027
Sec. 6213. Furnishing Services via Telehealth to Individuals with Limited English Proficiency	Requires HHS Secretary to issue guidance on best practices for providing telehealth to individuals with limited English proficiency	Within 1 year of enactment
Sec. 6214. Inclusion of Virtual Diabetes Prevention Program Suppliers in MDPP Expanded Model	Allows Medicare beneficiaries to participate in Medicare Diabetes Prevention Program (MDPP) Expanded Model virtually	Expires December 31, 2029
Sec. 6215. Medication-induced Movement Disorder Outreach and Education	Requires HHS to conduct outreach and education to physicians and appropriate non-physician practitioners on screening for medication-induced movement disorders among at-risk beneficiaries via telehealth	By January 1, 2028
Provider Payment, Billing, Enrollment, and Education		
Sec. 6101. Streamlined Enrollment Process for Eligible Out-of-State Providers Under Medicaid and CHIP	Requires states to establish a streamlined Medicaid/CHIP enrollment process for eligible out-of-state pediatric providers	Effective 3 years after enactment
Sec. 6105. Modifying Certain Disproportionate Share Hospital Payment Allotments.	Delays Medicaid DSH cuts until FY 2028	Expires September 30, 2027
Sec. 6201. Extension of Increased Inpatient Hospital Payment Adjustment for Certain Low-Volume Hospitals	Extends Medicare low-volume hospital payment adjustment	Expires September 30, 2027

Sec. 6202. Extension of the Medicare-Dependent Hospital (MDH) Program	Extends the Medicare-dependent Hospital (MDH) program	Expires January 1, 2027
Sec. 6203. Extension of Add-On Payments for Ambulance Services	Extends Medicare ground ambulance add-on payments	Expires January 1, 2028
Sec. 6204. Extending Incentive Payments for Participation in Eligible Alternative Payment Models	Extends advanced alternative payment models (APMs) bonus for the 2026 performance year (2028 payment year), at an adjusted amount of 3.1%, and extends participant eligibility thresholds in effect for performance year 2021	Expires December 31, 2026
Sec. 6208. Extension of the Work Geographic Index Floor	Extends 1.0 work geographic practice cost index (GPCI) floor used in the calculation of payments under the Medicare physician fee schedule	Expires January 1, 2027
Sec. 6212. Enhancing Certain Program Integrity Requirements for DME Under Medicare	Enhances program integrity requirements for DME under Medicare	Beginning January 1, 2029
Sec. 6218 Extension of Adjustment to Calculation of Hospice Cap Amount Under Medicare	Extends the adjustment to the Medicare hospice cap amount through 2035	Expires 2035
Sec. 6221. Medicare Coverage of Multi-Cancer Early Detection Screening Tests	Allows Medicare coverage for multi-cancer early detection screening tests, subject to certain parameters	Effective January 1, 2029
Sec. 6222. Medicare Coverage of External Infusion Pumps and Non-self-administrable Home Infusion Drugs	Enables beneficiaries to receive certain infusion treatments in the home under Medicare	Effective on the first calendar quarter on or after the date that is one year after enactment
Sec. 6401. Extension for Community Health Centers, National Health Service Corps, and Teaching Health Centers That Operate GME Programs	Extends the Community Health Center Fund and the National Health Service Corps Extends the Teaching Health Center Graduate Medical Education program	Expires December 31, 2026 Expires September 30, 2029
Sec. 6402. Extension of Special Diabetes Programs	Extends the Special Diabetes Program for Type I Diabetes and the Special Diabetes Program for Indians	Expires December 31, 2026

Sec. 6225. Requiring a Separate ID Number and an Attestation for Each Off-Campus Outpatient Department of a Provider	Requires hospital off-campus outpatient departments to obtain and bill for services under a unique national provider identifier and submit attestations	Effective January 1, 2028
Sec. 6501 Preventing Maternal Deaths	Updates Maternal Mortality Review Committees to include obstetricians and gynecologists, requires the CDC to issue best practices related to preventing maternal morbidity and mortality and increases federal funding for maternal health initiatives	Expires FY 2030
Pharmaceuticals & PBMs		
Sec. 6217. Extension of Temporary Inclusion of Authorized Oral Antiviral Drugs as Covered Part D Drugs	Extends the temporary Medicare Part D coverage of authorized oral antiviral drugs	Expires December 31, 2026
Sec. 6219. Adjustments to Medicare Part D Cost-Sharing Reductions for Low-Income Individuals	Prohibits cost sharing for generic drugs for Part D beneficiaries who are eligible for the low-income subsidy	Effective for plan years 2028 and subsequent years
Sec. 6601. Research Into Pediatric Uses of Drugs	Gives FDA the authority to require pediatric cancer trials for new drugs that are used in combination with active ingredients that meet the standard of care for targeting pediatric cancer or have been approved to treat adult cancer and are directed at molecular targets for pediatric cancer	HHS Secretary to issue draft guidance within one year of enactment
Sec. 6602. Ensuring Completion of Pediatric Study Requirements	Gives FDA additional authority to enforce against companies that fail to meet pediatric study requirements	Enforcement begins 180 days after enactment
Sec. 6604. Extension of Authority To Issue Priority Review Vouchers to Encourage Treatments for Rare Pediatric Diseases.	Extends the FDA priority review voucher (PRV) program	Expires September 30, 2029
Sec. 6605. Limitations on Exclusive Approval or Licensure of Orphan Drugs	Clarifies that orphan drug exclusivity applies to the approved indication, rather than the potentially broader designation	Upon enactment
Sec. 6611. Establishment of Abraham Accords Office within Food and Drug Administration	Directs the FDA to establish an office in an Abraham Accords country (Israel, the United Arab Emirates, Bahrain, and Morocco) to strengthen the international oversight of regulated products	Within two years of enactment

Sec. 6703. Increasing Transparency in Generic Drug Applications	Requires FDA to disclose to certain new generic drug applicants what ingredients, if any, cause a drug to be quantitatively or qualitatively different from the listed drug for purposes of establishing sameness in formulation, and the specific amount of the difference	HHS shall issue guidance within one year of enactment
Sec. 6224. Modernizing and Ensuring PBM Accountability	Prohibits PBMs and their affiliates from deriving remuneration for covered Part D drugs based on the price of a drug, mandates standardized transparency and reporting, and requires federal studies to assess price-related compensation across the drug supply chain.	Effective for plan years 2028 and subsequent years
Sec. 6701. Oversight of Pharmacy Benefit Management Services	Requires PBMs provide group health plans and issuers with detailed data on prescription drug spending at least semi-annually. Such data includes gross and net drug spending, drug rebates, spread pricing arrangements, formulary placement rationale, and information about benefit designs that encourage the use of pharmacies affiliated with PBMs.	Beginning for plan years that begin on or after 30 months after the date of enactment
Sec. 6702. Full Rebate Pass Through to Plan; Exception for Innocent Plan Fiduciaries	Requires PBMs fully pass through 100% of drug rebates and discounts and disclose all amounts, excluding bona fide service fees, to the employer or health plan regulated under ERISA for new contracts, extensions, or renewals. Shields plan fiduciaries from ERISA violations when PBMs fail to remit required payments if fiduciaries act in good faith.	Beginning for plan years that begin on or after 30 months after the date of enactment
Sec. 6205. Extension of Funding for Quality Measure Endorsement, Input, and Selection.	Extends funding to the Centers for Medicare and Medicaid Services (CMS) for quality measure selection and to contract with a consensus-based entity to carry out duties related to quality measure endorsement, input, and selection activities	Expires September 30, 2027
Sec. 6207 Extension of Funding for Medicare Hospice Surveys	Extends funding for Medicare hospice surveys	December 31, 2026
Sec. 6301. Sexual Risk Avoidance Education Extension	Extends funding for HHS' Sexual risk avoidance education program	Expires December 31, 2026
Sec. 6302. Personal Responsibility Education Extension	Extends funding for HHS' Personal responsibility education program	Expires December 31, 2026

Sec. 6303. Extension of Funding for Family-to-Family Health Centers	Extends funding for Family-to-Family Health Centers	Expires December 31, 2026
Sec. 6304. Extension of the Temporary Assistance for Needy Families Program	Extends the Temporary Assistance for Needy Families (TANF) program at FY 2025 funding levels	Expires December 31, 2026
Sec. 6403. Extension of National Health Security Programs	Extends certain national health security programs related to public health emergencies and pandemics	Expires December 31, 2026
Sec. 6411. 9/11 Responder and Survivor Health Funding Corrections	Updates funding for the 9/11 responder and survivor health fund	Expires FY 2040
Sec. 6504. Program for Pediatric Studies of Drugs	Reauthorizes the program for pediatric studies of drugs and allocates \$25 million for FYs 2026 through 2028	Expires FY 2028
Sec. 6505. Sickle Cell Disease Prevention and Treatment	Reauthorizes through FY 2030 and otherwise modifies a program related to improving the treatment of sickle cell disease and the prevention and treatment of complications from the disease in populations with a high proportion of individuals with sickle cell disease	Expires FY 2030
Sec. 6506. PREEMIE	Reauthorizes and establishes new HHS programs to address preterm birth	Expires FY 2030
Sec. 6508. Dr. Lorna Breen Health Care Provider Protection	Reauthorizes programs to protect against workplace violence in health care	Expires FY 2030
Other		
Sec. 6102. Removing Certain Age Restrictions on Medicaid Eligibility for Working Adults with Disabilities	Allows working adults with disabilities over age 65 to enroll in Medicaid, current law restricts enrollment to those ages 16-64	Effective January 1, 2028
Sec. 6220. Requiring Enhanced and Accurate Lists of (REAL) Health Providers Act	Requires Medicare Advantage plans to maintain accurate provider directories on a public website and requires plans to report on the accuracy of their directories and provide cost-sharing protections.	Beginning in plan year (PY) 2028
Sec. 6226. Revising Phase-in of Medicare Clinical Laboratory Test Payment Changes	Delays the 15% reduction in Medicare clinical laboratory payments for 2026.	Expires December 31, 2026

Sec. 6404. No Surprises Act Implementation	Allocates \$42.1 million for No Surprises Act implementation	Expires December 31, 2026
Sec. 6502. Organ Procurement and Transplantation Network	Authorizes the Secretary of HHS to collect registration fees from any member of the Organ Procurement and Transplantation Network (OPTN) for each transplant candidate such member places on the list and to distribute these fees to support the operation of the OPTN	Expires three years after enactment of Consolidated Appropriations Act, 2026
Sec. 6503. Honor Our Living Donors	Expands the number of living donors eligible for federal assistance for wage, travel and caregiver costs. Requires HHS to report annually to Congress on the funding beginning FY 2027.	Effective upon enactment
Sec. 6506. Lifespan Respite Care	Reauthorizes funding for respite care and modifies the definition to be "unpaid individual" instead of an "unpaid adult"	Expires FY 2030
Reports		
Sec. 6104. State studies and HHS Report on Costs of Providing Maternity, Labor, and Delivery Services	Requires State Medicaid programs to conduct studies on the costs of providing maternity, labor, and delivery services in rural hospitals and hospitals that serve a high proportion of Medicaid beneficiaries, and submit a report detailing the results of this study to HHS	Within 30 months of enactment and then every 5 years.
Sec. 6216. Report on Wearable Medical Devices	Requires GAO to conduct a report on wearable medical devices	Within 18 months of enactment

If you have questions, please contact [Heather Meade](#) or [Heather Bell](#).

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