

Health Policy Committee

Federal Policy Update and Report

June 16, 2026



Medicaid work requirements

This month CMS issued its IFR around Medicaid work requirements. One of our biggest concerns is that while states will have some flexibility in defining medical frailty, individuals must also demonstrate that their condition significantly limits their ability to work to qualify for an exemption.

Another concern is that the rule sharply limits use of self-attestation—allowing it only in narrow cases in 2027—and will require documentation in most cases beginning in 2028, increasing administrative burden for patients, states, and providers.

It also restricts hardship exemptions to four specific categories (serious medical care, out-of-area treatment, disasters, or high unemployment), with no additional flexibility for states. NACHC is preparing a template for CHCs to use when submitting comments, and the Hub is preparing a separate template for PCAs.

OMB Grants Guidance

The White House has proposed a sweeping regulatory change to federal grantmaking that would significantly expand political oversight, including requiring grants to align with presidential priorities and giving political appointees final authority over funding decisions.

The rule would allow agencies to terminate grants at any time without appeal and require political pre-approval of all funding opportunities. It also includes new restrictions on the use of funds for certain activities and would centralize greater control within OMB over government-wide grant rules.

Comments on the proposed regulation are due July 13, however, Colleen advises each PCA to carefully weigh the potential benefits and risks before deciding to submit comments.

340B Quick Hits

- **HRSA 340B Rebate:** HRSA plans to launch a new 340B rebate pilot program and will share more details soon. For now, they are only asking for comments on how much work the program will require from health centers, which they estimate at about 5 hours per week; comments are due in 30 days and must focus just on the workload.
- **Contract pharmacy litigation:** The US DOJ is escalating its efforts to block state contract pharmacy laws. This month, it joined PhRMA in making oral arguments against Rhode Island's law before the First Circuit Court.
- **In-house pharmacy data:** This month Eli Lilly is expected to block 340B pricing for approximately 50 large hospitals that have not yet submitted in-house data. Hospital groups may have filed legal challenges in response.
- **Congressional detractors:** The most vocal 340B critics on both the House and Senate side will not be returning to Congress next year. Sen. Bill Cassidy (R-LA), Chair of the Senate HELP Committee, and Rep. Buddy Carter (R-GA), sponsor of the 340B ACCESS Act, lost primary elections last month. At the same time, Senator Cassidy may introduce 340B legislation before his departure. Passage of a 340B bill this year is highly unlikely.
- **Jack Bergman's 340B bill,** that would exempt certain covered entities including CHCs from a federal rebate requirement, still has not been introduced for lack of original republic cosponsors.
- **CVS Underpayments:** There is an opportunity for CHCs to potentially recover funds that CVS Caremark has allegedly withheld from them illegally for years without their knowledge. CHCs can pursue this opportunity individually — if PCAs bring multiple CHCs to the table as a group, it could result in more money going back to each CHC.

Section 330 funding

The House Appropriations Committee has advanced the FY27 Labor-HHS spending bill, which flatlines CHC discretionary funding at FY26 levels while cutting overall HHS funding by approximately 4%. Although workforce programs under Titles VII and VIII see modest increases, other critical areas—including Ryan White HIV/AIDS funding—face notable reductions.

The bill also excludes funding for the proposed Administration for a Healthy America (AHA), preserving the current structure of key agencies like HRSA. At the same time, new bipartisan legislation in both the House and Senate aims to strengthen the CHC workforce through investments in loan repayment, training, and community-based workforce pipelines. As the Senate develops its version of the bill, these funding and workforce priorities will be critical for sustaining and expanding CHC capacity.

Workforce Update

On Monday, a federal district court in Massachusetts struck down the Trump administration's \$100,000 fee on new H-1B visa applications, ruling it an unconstitutional tax that Congress never authorized. The fee is currently vacated, meaning CHCs that rely on H-1B visas to recruit physicians, nurses, and other health care providers can currently file new petitions at the pre-2025 fee level of roughly \$2,000-\$5,000.

CHCs should consider acting quickly, however — the administration has stated it will appeal this week's ruling, and an emergency stay reinstating the fee could be sought from the First Circuit Court of Appeals within days or weeks.



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