

# Congress' 2025 health policy agenda

How health care may come into play in the Republican-controlled Congress agenda

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## Guide to Washington in 2025

### Budget reconciliation is focus under all-Republican control

Republicans in control of the House and Senate, along with President Trump, want to use the budget reconciliation process to enact several priorities, including extension of Tax Cuts and Jobs Act (TCJA) tax provisions at the end of 2025. How many reconciliation bills will be pursued – there is the opportunity for two packages in 2025 using the FY2025 and FY2026 budget resolutions – and where tax and health policy may fall have yet to be decided for certain. President Trump has said he prefers one big reconciliation bill, possibly meaning plans for an initial reconciliation bill focused on border issues will fall away in favor of an all-encompassing effort. Some members have argued that border and tax will need to be combined to provide momentum to bring both over the finish line. Regardless, reconciliation efforts will be underway soon in the new Congress. Health care will likely feature prominently in the legislative agenda, as lawmakers look for ways to offset costs.

Even before the new Congress was seated and President Trump returned to office, the year-end 2024 continuing resolution (CR) provided a glimpse of how governing may be done, with Trump and allies opining about proposals and using social media to make their case. The debt limit was introduced to the debate by Trump but not acted upon, though House Republicans have indicated they may now seek \$2.5t in mandatory spending cuts in conjunction with a future debt limit increase. Republicans were successful in drastically scaling back the bill, particularly the health package. Reconciliation allows for passage of GOP-only bills, but narrow majorities in the House and Senate require party unanimity on big issues.

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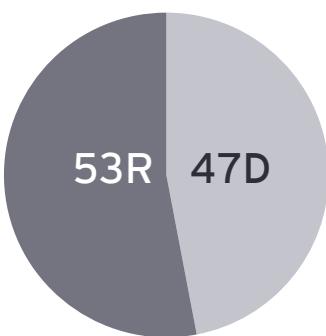
# Leadership, committees and cabinet



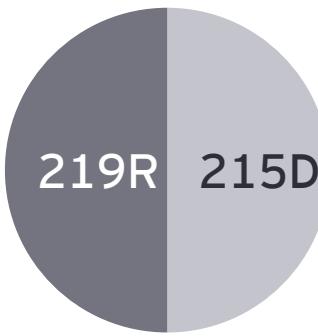
President Trump returns to the White House and Republicans are in control of the Senate and House, albeit with narrow margins that will require near-unanimity in the GOP and likely the cajoling of President Trump in some cases to move bills.

Republicans have 53 senators and control of the chamber, with 47 seats held by Democrats and independents. The House party ratio begins as 219-215, with Republicans in control, but is likely to drop to 217-215 early in the year because of Trump nominations of Reps. Elise Stefanik (R-NY) and Mike Waltz (R-FL) for administration posts. On reconciliation, Speaker Mike Johnson (R-LA) said on January 5 that he wants to pass a budget resolution with reconciliation instructions in early February, pass the reconciliation bill in the House in early April and have it on Trump's desk "certainly by May" or "in a worst-case scenario, Memorial Day." In addition to reconciliation efforts, Congress must act on an appropriations package to extend government funding beyond March 14.

## Senate



## House



One vacancy - Gaetz (R-FL) Likely to drop to 217R with two additional vacancies - Stefanik (R-NY), Waltz (R-FL)

## Key dates

Early February - Target for FY25 budget	March 14 - Government funding expires	Early April - Target for House to pass reconciliation bill	May, by Memorial Day - Target to pass tax bill	Midyear TBD - Deadline to address federal debt limit	End of 2025 - Tax cliff of TCJA provisions expiring
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## Senate Republican Leadership

Senate Majority Leader	John Thune (SD)
Senate Majority Whip	John Barrasso (WY)
Conference Chair	Tom Cotton (AR)
Policy Chair	Shelley Moore Capito (WV)
Conference Vice Chair	James Lankford (OK)
Campaign Chair	Tim Scott (SC)
Steering Committee Chair	Mike Lee (UT)
Chief Deputy Whip	Mike Crapo (ID)

## Senate Democratic Leadership

Senate Minority Leader	Chuck Schumer (NY)
Senate Minority Whip	Dick Durbin (IL)
Steering and Policy Chair	Amy Klobuchar (MN)
Strategic Communications Chair	Cory Booker (NJ)
Conference Vice Chairs	Elizabeth Warren (MA), Mark Warner (VA)
Outreach Chair	Bernie Sanders (VT)
Caucus Secretary	Tammy Baldwin (WI)
Campaign Chair	Kirsten Gillibrand (NY) <i>likely</i>
Outreach Vice Chair	Catherine Cortez Masto (NV)
Caucus Deputy Secretaries	Brian Schatz (HI) and Chris Murphy (CT)
Chief Deputy Whip	Brian Schatz (HI)

## House Republican Leadership

Speaker of the House	Mike Johnson (LA)
House Majority Leader	Steve Scalise (LA)
House Majority Whip	Tom Emmer (MN)
House Republican Conference Chair	Lisa McClain (MI)
Campaign Chair	Richard Hudson (NC)
Policy Chair	Kevin Hern (OK)
Conference Vice Chair	Blake Moore (UT)
Conference Secretary	Erin Houchin (IN)
Chief Deputy Whip	Guy Reschenthaler (PA)

## House Democratic Leadership

House Minority Leader	Hakeem Jeffries (NY)
House Minority Whip	Katherine Clark (MA)
House Democratic Caucus Chairman	Pete Aguilar (CA)
Assistant Democratic Leader	Joe Neguse (CO)
Caucus Vice Chair	Ted Lieu (CA)
Campaign Chair	Suzan DelBene (WA)
Policy and Communications Chair	Debbie Dingell (MI)
Policy and Communications Co-Chairs	Maxwell Frost (FL), Lori Trahan (MA), Lauren Underwood (IL)
Chief Deputy Whips	TBD

## Senate committee leaders with health care oversight

	Chairman	Ranking member
Finance	Mike Crapo (R-ID)	Ron Wyden (D-OR)
Agriculture	John Boozman (R-AR)	Amy Klobuchar (D-MN)
Appropriations	Susan Collins (R-ME)	Patty Murray (D-WA)
Budget	Lindsey Graham (R-SC)	Jeff Merkley (D-OR)
Commerce, Science & Transportation	Ted Cruz (R-TX)	Maria Cantwell (D-WA)
Health, Education, Labor & Pensions (HELP)	Bill Cassidy (R-LA)	Bernie Sanders (I-VT)
Homeland Security & Governmental Affairs	Rand Paul (R-KY)	Gary Peters (D-MI)
Judiciary	Chuck Grassley (R-IA)	Dick Durbin (D-IL)
Small Business	Joni Ernst (R-IA)	Ed Markey (D-MA)
Veterans' Affairs	Mike Bost (R-IL)	Mark Takano (D-CA)

Regarding committee membership, Senator Roger Marshall (R-KS) has been added to the Republican side of the Senate Finance Committee. Finance Democrats, who will be in the minority but lost members to retirements and election losses, added Senators Bernie Sanders (I-VT), Tina Smith (D-MN), Ben Ray Luján (D-NM), Raphael Warnock (D-GA) and Peter Welch (D-VT). The HELP Committee added Senators Tim Scott (R-SC), Josh Hawley (R-MO), Jim Banks (R-IN), Mike Crapo (R-ID) and Marsha Blackburn (R-TN) on the Republican side. Newly added on the Democratic side are Senators Andy Kim (D-NJ), Lisa Blunt Rochester (D-DE), and Angela Alsobrooks (D-MD).

## House committee leaders with health care oversight

	Chairman	Ranking Member
Ways and Means	Jason Smith (R-MO)	Richard Neal (D-MA)
Agriculture	Glenn Thompson (R-PA)	Angie Craig (D-MN)
Appropriations	Tom Cole (R-OK)	Rosa DeLauro (D-CT)
Budget	Jodey Arrington (R-TX)	Brendan Boyle (D-PA)
Education & Workforce	Tim Walberg (R-MI)	Bobby Scott (D-VA)
Energy & Commerce	Brett Guthrie (R-KY)	Frank Pallone (D-NJ)
Oversight & Reform	James Comer (R-KY)	Gerald Connolly (D-VA)
Rules	TBD	Jim McGovern (D-MA)
Veterans' Affairs	Mike Bost (R-IL)	Mark Takano (D-CA)

New Republican members of the House Ways and Means Committee in the new Congress are Reps. Aaron Bean (R-FL), Max Miller (R-OH), Nathaniel Moran (R-TX), and Rudy Yakym (R-IN). Democratic Reps. Brendan Boyle (D-PA), Stacey Plaskett (D-VI) and Tom Suozzi (D-NY) are returning to Ways and Means for the 119<sup>th</sup> Congress after having served on the Committee previously but not in the last Congress.

New Republican members of Energy & Commerce are Reps. Cliff Bentz (R-OR), Erin Houchin (R-IN), Russell Fry (R-SC), Laurel Lee (R-FL), Nick Langworthy (R-NY), Tom Kean (R-NJ), Mike Rulli (R-OH), Gabe Evans (R-CO), Craig Goldman (R-TX), and Julie Fedorchak (R-ND).

# Select cabinet nominees

The Senate confirmation process for President Trump's nominees is expected to get underway quickly.

Administration role	Nominee/Appointee	Administration role	Nominee/Appointee
<i>WH Chief of Staff</i>	Susie Wiles	Interior	Fmr. ND Gov. Doug Burgum
<i>Deputy COS for policy</i>	Stephen Miller	Energy	Chris Wright
<i>Communications Director</i>	Steven Cheung	Transportation	Fmr. Rep. Sean Duffy (R-WI)
<i>Press Secretary</i>	Karoline Leavitt	Agriculture	Brooke Rollins
<i>WH Director of Leg. Affairs</i>	James Braid	Education	Linda McMahon
<i>National Economic Council</i>	Kevin Hassett	HUD	Scott Turner
<i>Department of Gov. Efficiency</i>	Elon Musk, Vivek Ramaswamy	SEC Chair	Paul Atkins
OMB	Russell Vought	SSA Commissioner	Frank Bisignano
<i>Council of Economic Advisors</i>	Stephen Miran	Small Business Administrator	Fmr. Sen. Kelly Loeffler (R-GA)
Treasury	Scott Bessent	FBI	Kash Patel
<i>Deputy Treasury Sec.</i>	Michael Faulkender	UN Ambassador	Rep. Elise Stefanik (R-NY)
<i>Asst. Sec. for Tax Policy</i>	Ken Kies	Border Czar	Former ICE Director Tom Homan
IRS Commissioner	Fmr. Rep. Billy Long (R-MO)	<i>National Security Advisor</i>	Rep. Mike Waltz (R-FL)
Commerce	Howard Lutnick	EPA	Fmr. Rep. Lee Zeldin (R-NY)
USTR	Jamieson Greer	State	Senator Marco Rubio (R-FL)
<i>Senior Trade Counselor</i>	Peter Navarro	Homeland Security	SD Governor Kristi Noem
Health and Human Services	Robert F. Kennedy, Jr.	CIA	John Ratcliffe
<i>Deputy HHS Sec.</i>	Jim O'Neill	Defense	Pete Hegseth
CMS	Dr. Mehmet Oz	Director, National Intelligence	Fmr. Rep. Tulsi Gabbard (R-HI)
FDA	Marty Makary	Attorney General	Pam Bondi
<i>Surgeon General</i>	Janette Nesheiwat	Veterans Affairs	Fmr. Rep. Doug Collins (R-GA)
NIH Director	Jay Bhattacharya		

*Italics* - doesn't require Senate confirmation



## Budget reconciliation

President Trump and Republicans in control of the Senate and House want to use budget reconciliation to act on border issues and extensions of TCJA provisions expiring at the end of 2025, but that requires decisions about sequencing and revenue that have already produced divisions within the party.

On January 5, President Trump called for “one powerful bill” on border, energy, renewing the Trump Tax Cuts and exempting tip income from tax, but said later he is open to a two-bill approach. New Senate Majority Leader John Thune (R-SD) wanted a first reconciliation bill early in the new year on border, defense and energy, and to save extensions of expiring TCJA provisions for a second reconciliation bill later. House Ways and Means Committee Chairman Jason Smith (R-MO) and other House Republicans want the TCJA extensions and the other issues – border, energy, etc. – to go together in one big bill early on, arguing that the momentum of the issues together is required to push them over the finish line in the tightly controlled Congress. Some members like Rep. Kevin Hern (R-OK) have concerns about leaving the tax extensions in limbo amid the uncertain feasibility of two reconciliation bills, while Senator Lindsey Graham (R-SC) is worried about not passing a border bill and how long a tax bill will take. The 11th-hour difficulty in passing the December continuing resolution (CR) created doubts about Republicans’ ability to approve multiple reconciliation packages.

The revenue decisions surrounding a tax reconciliation bill are not settled. Republicans will have to decide on a revenue target for the bill, meaning whether continuing tax policies should or should not be offset must be resolved. It’s also unclear how GOP desires to cut mandatory spending can be realized, but spending cuts now seem tied to the tax bill and health care is expected to feature prominently in the debate.



## Health care

The Republican-controlled Congress will be returning to a packed agenda. While much focus is on the potential GOP reconciliation packages, lawmakers in the near term will need to tie up leftover items from the 118th Congress and get started on President Trump's list of nominees, including leaders at the Department of Health and Human Services, the Centers for Disease Control and Prevention and the Food and Drug Administration.

In the final month of the 118th Congress, Republican and Democratic leaders negotiated a broad health care package that included two-year extensions for expiring telehealth flexibilities, funding to offset Medicare physician pay cuts and extend advanced alternative payment model bonus payments, new requirements for pharmacy benefit managers (PBMs), new hospital honest billing requirements, language to update the drug patent system to address "patent thickets," Medicaid reforms, policies to ensure accurate provider directories in Medicare Advantage (MA) plans and much more. However, in an 11th-hour move, President Trump and allies came out against the package.

Ultimately, Congress passed a short-term continuing resolution (CR) that extended federal funding to March 31 and included a very narrow package of health extenders, with a three-month extension of Medicare telehealth flexibilities. This means Republicans have three months to address FY 2025 funding, the telehealth flexibilities and other programs that were allowed to expire, as well as decide whether to address omitted policies such as PBM reform, MA plan provider directories, physician pay cut offsets and more that were left out of the final CR.

Timing on these and other health policies are uncertain, as Republicans are looking to use the reconciliation process to first tackle other priorities, such as tax reform and immigration – and key questions on timing, scope and process have yet to be determined. While many health items, particularly those that generate revenue like capping the employer tax exclusion for health benefits, are likely to come up as part of those discussions, the prospects for a broader health package remain unclear. And while health care was not a large topic on the campaign trail in the 2024 elections, it remains a large portion of the federal budget and a top priority for certain members.

House Speaker Mike Johnson (R-LA) also has stated his commitment to advancing President Trump's "America First" agenda and working with the Department of Government Efficiency (DOGE) to rein in the federal government – both of which are expected to have key implications for health policy. For example, Senate GOP lawmakers in December 2024 launched a "Make America Healthy Again Caucus," which aims to work with the incoming Trump administration and the DOGE to overhaul US health policy.

Below are examples of health care policies the Republican-controlled Congress may pursue in 2025.

**Telehealth.** In the near-term, Congress will need to address the Medicare telehealth flexibilities and the Acute Hospital Care at Home program set to expire on March 31. While there is bipartisan support for telehealth, and the incoming administration has touted building on digital health technology to improve patient care, cost and lingering concerns around fraud and abuse remain barriers to permanent extension. The Congressional Budget Office (CBO) has estimated a permanent extension would cost about \$30 billion over a decade. Republicans may revisit short-term extensions included in the initial CR that would have extended Medicare telehealth policies for two years. House Energy & Commerce Committee Chairman Brett Guthrie (R-KY) has hired senior staff with experience in broadband and 5G implementation, which could play a role in extending telehealth access.

Lawmakers also are likely to face outside pressure to reinstate the telehealth provision that allows employers the flexibility to offer telehealth services below the deductible to employees with a Health Savings Account (HSA). A provision to extend this policy was originally included in the initial CR but was ultimately left out of the final package and allowed to expire on December 31, 2024.

**Pharmacy benefit managers.** After two years of intense negotiations to increase oversight of PBMs, broad reforms stalled in the last Congress. In the final hours of the 118th Congress, Republican leadership stripped provisions from the CR that would have barred spread pricing in Medicaid, required PBMs to de-link payment for Part D drugs from the drug's list price, required PBMs to fully pass through 100% of drug rebates and discounts, and added new transparency and reporting requirements for PBMs. These policies, which would generate billions in savings, are likely to be revisited this year, as they could serve to pay for health priorities such as telehealth extensions or other priorities. PBMs also are likely to continue to face congressional scrutiny through hearings and investigations as increasing transparency into the industry remains a top priority for lawmakers, which is likely to be bolstered by recent comments from President Trump who said he plans to "knock out" drug-industry middlemen.

**Affordable Care Act's premium tax credit.** The American Rescue Plan Act (ARPA) and the Inflation Reduction Act included temporary provisions to enhance the Affordable Care Act's (ACA) premium tax credit (PTC) and expanded income eligibility for individuals able to receive cost-sharing assistance to people with income greater than 400% federal poverty level (FPL). These changes expire at the end of 2025; however, Congress will receive increased pressure from states and insurance carriers to address the enhanced subsidy before premium rates are determined in the summer of 2025.

But extending the expanded PTC faces major headwinds in the Republican-controlled Congress, as Republicans strongly oppose the enhanced funding and will have limited revenue as they look to extend the expiring TCJA tax provisions; CBO has estimated that making permanent the expanded PTC would cost \$335 billion over the budgetary window.

The strong opposition from conservatives makes allowing the enhanced PTCs to expire a real possibility, but the potential for political backlash and the broader tax reform debate may prompt discussions to more broadly reform the ACA's PTC, while winding down the enhanced PTC for those with income greater than 400% FPL.

**Alternative coverage options.** While the Republican-controlled Congress is not expected to revisit the 2017 ACA repeal and replace debate, they are likely to champion policies that aim to broaden coverage options for consumers and employers. For example, House Committee on Education and Workforce Chairman Tim Walberg (R-MI) has authored legislation to codify the incoming Trump administration's rule to allow employers to band together to form association health plans (AHPs). The Senate Make America Healthy Again (MAHA) Caucus also voiced its support for expanding AHPs, as well as increasing access to direct primary care models and expanding health savings accounts – the latter policy also has been advanced by the House Ways and Means Committee.

**Medicare Advantage.** While Medicare Advantage is expected to flourish under the incoming Trump administration, congressional scrutiny of Medicare Advantage spending and prior authorization practices is likely to continue in 2025. Revenue generating policies, such as modifying Medicare Advantage risk adjustment payments, could come up in reconciliation and deficit reduction discussions. In addition, lawmakers also may seek to re-introduce the Improving Seniors' Timely Access to Care Act, which passed the House in 2022. The bill would streamline Medicare Advantage's prior authorization process and has broad bipartisan support. The latest version aims to reduce the cost of the legislation, which will improve the bill's likelihood of passage.

**Medicaid.** With full control of Congress, Republicans may pursue policies to curb Medicaid spending and increase state flexibilities as part of broader efforts to control the growing federal deficit. During a December House Budget Committee hearing, Rep. Tom McClintock (R-CA) proposed adding work requirements to entitlement programs for able-bodied adults – a proposal initially put forward by the Trump administration. Other policies that would reduce federal spending include block grants, per capita caps, lowering the minimum 50% Federal Medical Assistance Percentage (FMAP) and lowering the federal 90% Medicaid expansion match rate – many of which were proposed during Republicans' 2017 efforts to repeal and replace the Affordable Care Act. House Energy and Commerce Committee Chairman Guthrie in December suggested that a per capita cap should be included in GOP's reconciliation package. The CBO has projected those policies could generate hundreds of billions in federal savings. For example, CBO estimated removing the federal floor on the FMAP would save \$530 billion through 2034.

**Insurer and hospital transparency.** Last year, the House passed the Lower Costs, More Transparency Act, which included several provisions to increase transparency on health care prices and costs by codifying insurer and hospital transparency rules and adding new transparency provisions for prices of clinical diagnostic laboratory tests, imaging and ambulatory surgical centers. These policies have bipartisan and bicameral support and were the focus of numerous committee hearings in both the House and Senate. The policies also generally have support from industry stakeholders. After fierce negotiations at the beginning of last year, an agreement was struck between eight out of 10 Committee Chairs and Ranking Members, but agreement was not reached in time for the policy to be included in the continuing resolution passed in December. Congress is likely to revisit the negotiations this year.

**Drug and supply chain.** While most of the congressional focus on pharmaceuticals in 2025 is expected to fall on PBMs, Republicans may seek to advance legislation that repeals or reforms the IRA's drug price negotiation program. Such reforms, at a minimum, may address Republican concerns regarding the program's impact on innovation. Congress may nibble around the edges of the law by exempting from the program drugs approved for multiple rare conditions or extending the exclusion period for small molecule drugs. Congress also may continue to explore policies to lower drug costs and ensure patients have access to high-cost medications. For example, the Senate HELP Committee may explore legislation to create a subscription model for hepatitis C treatment. Any efforts to fully repeal the IRA's drug pricing provisions may be opposed by President Trump, who has previously taken a heavy-handed approach to curbing prescription drug costs and included lowering drug costs as a part of his Presidential campaign. President Trump may also use the IRA's authority to implement new drug pricing regulations, such as international reference pricing (similar to the "Most Favored Nation" regulation from the last Trump administration).

Work on a "Cures 2.1" bill also is expected to continue in the 119th Congress, though with former Rep. Larry Bucshon's (R-IN) retirement, any hope for passage in the Republican-controlled Congress would require a new Republican to champion the legislation. In late December, Reps. Diana DeGette (D-CO) and Bucshon released a discussion draft, outlining priority areas for a potential "Cures 2.1" legislation. The draft includes policies to ensure that advances in technology and products are available to patients who need them, including modernizing Medicare coverage and payment mechanisms to provide access to high-cost treatments, such as gene therapies. The discussion draft also calls for modernizing remote patient monitoring policies and permanently expanding telehealth and hospital-at-home Medicare flexibilities.

Another top area of focus is likely to be shoring up the US drug and medical supply chain and addressing drug shortages. The 118th Congress ultimately failed to advance a bill, the BIOSECURE Act, that would prohibit federal agencies from contracting with or issuing loans or grants to certain China-based biotechnology companies and any entity that contracts with such companies. Expect to see continued interest in how US bio data and drug supply flow through China and other countries labeled as adversarial.

Congress also may feel pressure from the administration to enact broader reforms at the Food and Drug Administration (FDA), including its approval processes and foreign inspections program – the latter of which has been criticized by House Energy and Commerce Committee Chairman Guthrie. Congress also may seek reforms to address concerns that drugmakers are incorrectly extending patents. For example, the final CR removed language to update the drug patent system to address "patent thickets."

The FDA user fee program may come under scrutiny, as likely incoming Department of Health and Human Services (HHS) Secretary, Robert F. Kennedy Jr., has stated that the FDA user fee process should be reformed. In an op-ed, Kennedy states that "this money makes up about 75% of the budget of the Food and Drug Administration's drug division. That creates a barrier to entry to smaller firms and puts bureaucrats' purse strings in the hands of the pharmaceutical industry." Industry may get a preview on how the Trump administration will approach the larger user fee bills later this year, as the reauthorization of the Over-the-Counter Monograph Drug User Fee Program is set to expire September 30, 2025.

**Food is medicine.** If confirmed by the Senate to run HHS, Robert F. Kennedy Jr. has voiced support for using nutritious foods to combat chronic disease conditions and the Senate MAHA Caucus has signaled its intent to prioritize nutrition policy in the next Congress to increase access to nutritious, affordable food and non-pharmaceutical interventions to address chronic illnesses. This could include reforms to the Supplemental Nutrition Assistance Program (SNAP) and other federal nutrition programs, as well as funding or incentives for providers and payers to build out nutrition-focused programs and coverage.

Further, the Trump administration could put new pressure on Congress to revise regulatory authority over the nation's food supply and push its 2018 proposal to create a new food safety agency under the US Department of Agriculture. Senator Dick Durbin (D-IL) and House Appropriations Committee Chair Rosa DeLauro (D-CT) in July 2024 introduced legislation that would create a new independent agency under HHS but any proposal to strip the FDA of its food regulatory authority would likely need to find Republican support to advance, which is where pressure from the Trump administration could play a key role.

**Data privacy/AI/cybersecurity.** The Change Healthcare attack brought data privacy and cybersecurity to the forefront for Congress and regulators. Last Congress, committees in the Senate and House held hearings to examine the cybersecurity breach and its effect on the health care sector. Members on both sides of the aisle expressed concerns over physician payments and the consolidation in the market of payers. The cybersecurity breach came at a time when Congress was already examining ways to bolster data privacy in the health care space. For example, Senate Commerce Chair Maria Cantwell (D-WA) and former House Energy and Commerce Chair Cathy McMorris Rodgers (R-WA) released the American Privacy Rights Act. However, the data privacy bill failed to gain consensus in the House and its markup was abruptly cancelled in late June. Prospects for a broad data privacy bill are dim in the next Congress, but expect to see continued focus at the committee level.

For example, Senator Bill Cassidy (R-LA) released a health data privacy report in early 2024. Democrats in the House Education and Workforce Committee ensured that additional privacy protections were included in the House transparency bill.

The use of artificial intelligence (AI) in health care is an additional topic that members are tracking closely, with committees in both the House and Senate holding hearings on the topic. Physicians in Congress are increasingly worried about the use of AI in prior authorization and health insurance, while other congressional advisors have testified on AI's ability to fuel growth and lower health care costs. In December, House lawmakers unveiled new bipartisan framework that details seven guiding principles and more than 150 findings and recommendations for Congress as it considers how to regulate AI in the United States, including how AI fits into liability laws and Medicare reimbursement. Those discussions are likely to continue in the 119th Congress, with most of the AI activity focused on areas in which consumer or patient harm is perceived, such as in coverage decisions.

**Hospital outpatient care costs.** Last Congress, several House committees advanced bills that aimed to curb rising hospital outpatient care costs by expanding site-neutral and “fair billing” payment reforms (site-neutral policy aims to align payments across sites of care, and fair billing policies aim to ensure insurers have clarity into where a service was performed). The Lower Costs, More Transparency Act, which passed the House in November 2023, included a narrow site-neutral payment policy targeting drug administration services and fair billing. CBO projected those policies would generate roughly \$4.1 billion in combined savings. These policies face strong opposition from hospital groups and despite bipartisan support, failed to gain traction in the Senate. However, site-neutrality was supported by the first Trump administration and would provide needed revenue to extend expiring health care programs and telemedicine extenders, which could increase the chances they are included in a GOP reconciliation package. President Trump promised not to cut Medicare during his campaign, which may make selling some of these changes politically more challenging.

**Physician pay.** In November, CMS finalized another round of cuts to the Medicare Physician Fee Schedule. Despite pressure from provider groups, the continuing resolution passed in December ultimately left out provisions that would have partially offset the 2.83% reduction that took effect January 1. Congress may still include partial offsets in a spending bill they must pass by March 31, revenue remains and is expected to begin discussions on long-term changes to Medicare reimbursement, including revisiting the Merit-based Incentive Payment System and alternative payment models. Enacting these reforms, however, may take more time as Congress will be focused on other priority issues in the first term.

**Other policies.** The House Ways and Means Committee in June passed a bill to allow Medicare to cover GLP-1 drugs for weight loss under certain circumstances, but the future of the bill is unclear because of the Biden administration’s proposed rule to reinterpret the statutory ban on Medicare coverage of weight-loss medications and uncertainty around whether the Trump administration will finalize the rule. Senate Majority Leader John Thune (R-SD) has led a bipartisan effort in the Senate to address the 340B Drug Pricing Program and while those discussions are likely to continue in 2025, lawmakers may not have the bandwidth to enact broader 340B bill this year.

Similarly, Senate HELP Committee Chairman Cassidy and Senator John Cornyn (R-TX), a member of the Senate Finance Committee, are expected to introduce legislation that would increase funding for Graduate Medical Education (GME) programs, prioritize rural and underserved communities and lay the groundwork to reform how residency positions are allocated. However, broader GME reforms may be put on hold amid other GOP priorities. Rural health and the status of tax-exempt organizations also are expected to remain key areas of focus as lawmakers look to increase access to care and rein in federal spending.

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