Special Needs Alliance:

Public Policy News You Can Use

April 14, 2025

CDC Faces Backlash After Cutting Developmental Disabilities Staff

The Centers for Disease Control and Prevention (CDC) is facing significant criticism after laying off nearly half its staff working on developmental disabilities and birth defects, effectively dismantling key adult disability programs. The cuts have halted crucial research and data collection efforts related to adults with cognitive disabilities, including those with sickle cell disease—a condition disproportionately affecting Black Americans. The CDC's Disability and Health Promotion Branch, which maintained a vital database on adult disabilities, was entirely eliminated, stalling planned research on rising cognitive disabilities in younger adults. Experts warn the cuts will increase preventable hospitalizations and deaths and undermine public health efforts. Despite backlash, Health and Human Services (HHS) Secretary Robert F. Kennedy Jr. has not reinstated the programs, instead planning to merge remaining staff into his new "Administration for a Healthy America," which will prioritize chronic disease but may further sideline disability-specific initiatives.

Federal Judge Halts Trump Administration Plan to Cancel $11 Billion in Pandemic-era Public Health Grants

A federal judge in Rhode Island halted the Trump Administration from cancelling more than $11 billion in public health grants that Congress allocated to states and local health departments during the COVID-10 pandemic. The Department of Health and Human Services (HHS) announced in March it would stop providing funds previously allocated by Congress during the pandemic, noting that the funding is no longer valid as the pandemic was over. In response, a coalition of 23 states and the District of Columbia filed a lawsuit against HHS and Secretary Kennedy arguing that the funding is used for a range of urgent public health needs including the tracking of infectious diseases, increasing access to vaccinations, improving emergency preparedness, providing mental health and substance abuse services, and modernizing public health infrastructure. The plaintiffs further stated that the loss in funding could lead to a substantial amount of public health jobs being eliminated and put their states at a greater risk for future pandemics.

Federal Court Vacates Nursing Staffing Rule Provisions

the United States District Court for the Northern District of Texas Amarillo Division ruled the Biden-administration-era Centers for Medicare and Medicaid Services (CMS) Minimum Staffing Standards for Nursing Homes and Long-Term Care Facilities provisions on 24/7 staffing and hours per resident day (HPRD) are to be vacated. Judge Matthew K. Kacsmaryk ruled in favor of nursing homes and long-term care facilities, stating the Department of Health and Human Services (HHS) through CMS lacks the authority to consider a facility's staffing 'needs' when requiring minimum staffing standards. In his opinion, Judge Kacsmaryk noted that under *Loper Bright*, CMS could issue regulation as to how facilities determine the needs of their patients while remaining in compliance with Congressional authority. The HHS Secretary Robert F. Kennedy Jr. is unlikely to appeal the verdict. Thus, the majority of the Minimum Staffing Standards rule will remain in effect as planned, excluding the 24/7 staffing and HPRD provisions.

SCOTUS Blocks Court Order Reinstating 16,000 Fired Federal Workers

The Supreme Court's decision this week to block a lower court order reinstating 16,000 federal employees fired by the Trump administration has potential implications for the Department of Health and Human Services (HHS). While this specific ruling addressed firings at six other federal agencies, the administration is separately fighting a similar order in Maryland that does include HHS employees among the roughly 18 agencies affected. The Supreme Court's action, based on the legal standing of the nonprofits that brought the initial lawsuit, could embolden the administration in its efforts to defend the HHS firings in the Maryland case and other related legal challenges aimed at its broader plan to reduce the federal workforce, including at HHS. This development occurs against a backdrop of mass layoffs at HHS as part of a larger reorganization effort. Although the Supreme Court's current order is limited and doesn't rule on the legality of the firings themselves, it signals a willingness to side with the administration against lower court interventions. This could make it more difficult for legal challenges seeking to reinstate fired HHS employees to succeed, potentially allowing the administration to move forward with its planned workforce reductions in the department.

What's on Tap

Markets around the world again braced for another volatile week after President Trump temporarily paused his country-specific, reciprocal tariffs last week. However, the President maintained a 10 percent tariff on all imports to the U.S., raised the tariff on imports from China to 145 percent, and alluded to a forthcoming pharmaceutical tariff which he said could range anywhere from 50 to 200 percent. The Trump Administration is aiming to bring drug manufacturing back to the U.S. through this potential tariff, but stakeholders have argued that these tariffs will hamper the global drug supply even further, specifically through generics which account for about 90 percent of all medicines prescribed in the country. Pharma executives have warned that these tariffs will force them to reduce research and development in an effort to offset the tariffs, potentially leading to a setback in drug innovation.

House Republicans were able to achieve near unanimity last week on a budget bill the chamber voted in favor of to unlock the filibuster-bypassing legislative process known as reconciliation. In a major feat for Speaker Mike Johnson (R-LA), only two-House Republicans joined Democrats in voting against the budget blueprint after days of budget hawks attacking the Senate-approved proposal which called for substantially lower savings than the House version passed back in February. The 70-page budget resolution is lacking in substantive policy and only mentions Medicaid once. Previously, the House proposal tasked the Energy & Commerce Committee with locating $880 billion in spending cuts over the next decade – the majority of which is expected to come from Medicaid. The cuts to Medicaid will be used to offset a permanent extension of the 2017 Trump Tax Cuts, but there is growing contention among congressional Republicans about the extent of the cuts. Three Republican Senators and a slew of House Republicans have already vowed to oppose any cuts to the health program that would directly impact their constituents, setting up Republican leadership for a rocky few months of negotiations.

Last week, the Centers for Medicare and Medicaid Services (CMS) informed states that the agency will no longer approve requests for Medicaid matching funds to support programs and services that are not directly related to health care, including designated state health programs (DSHPs) and designated state investments programs (DSIPs). CMS argued that the growth in eligible expenditures for DSHPs and DSIPs from $886 million in 2019 to around $2.7 billion in 2025 represents an unsustainable cost to the federal government without state contributions. This announcement came on the heels of Arkansas and Arizona seeking permission from the newly confirmed CMS Administrator Dr. Mehmet Oz to impose work requirements in their state's Medicaid program, reflecting a broad push among the Trump Administration and some states to impose more stringent guardrails on the health program serving nearly 80 million Americans.

CMS also released several payment updates and rate setting rules last week, including the 2026 Medicare Advantage and Part D Final Rate Notice, the FY 2026 Inpatient Prospective Payment Systems (IPPS) and Long-Term Care Hospital Prospective Payment System (LTCH PPS) proposed rule, and the FY 2026 Hospice Wage Index Proposed and Payment Rate Updated Proposed Rule. The recent release of these rules marks one of the first significant instances of rulemaking under the second Trump Administration, following a notable delay. With the majority of the President's nominees now confirmed and in place, a steady increase in regulatory activity is anticipated in the coming weeks and months.

Upcoming Events

- Tuesday, April 15th, 2:00pm|America's Health Insurance Plans (AHIP) holds a webinar on Optimizing Oncology Care |Online