



CAFM July Update

Congressional Activity

One Big Beautiful Bill Act

Medicaid

Congress passed and the President signed into law on July 4th the One Big Beautiful Bill Act (OBBA). The [Congressional Budget Office](#) estimates that the Senate version of the bill, which was ultimately adopted, would cut Medicaid by \$930 billion over 10 years and will increase the number of [uninsured Americans by 11.8 million in 2034](#). This is largely accomplished by stricter work requirements that will increase the administrative burden on current Medicaid recipients, limits on Medicaid expansion populations, and reductions in provider taxes. These provisions are likely to reduce Medicaid enrollment and reimbursement levels which could lead to additional hardship on rural health providers.

Rural Health Transformation Program

To address rural healthcare challenges, Section 71401 of the OBBA establishes the Rural Health Transformation Program—a five-year, \$50 billion grant initiative administered by CMS. From 2026 to 2030, states will receive \$10 billion annually without needing to provide matching funds. To participate, states must submit transformation plans by December 31, 2025, detailing strategies to improve access, strengthen the workforce, enhance technology, build partnerships, and support hospital solvency. All states receive baseline funding, with additional resources allocated based on rural demographics and facility needs.

CMS has broad authority over how funds are allocated and monitored under the Rural Health Transformation Program. According to a Manatt–NRHA [analysis](#), while the program provides time-limited support, the Medicaid cuts it attempts to offset are permanent. The funding is not limited to hospitals—it's available to a wide range of providers in all states. However, there are concerns that some recipients may not meet meaningful rural health criteria. Applications are due by December 31, 2025.

Below are further details about the program allotments:

- CMS will allocate 50% of funding equally among approved states and 50% based on rural population metrics and facility counts
- At least one-fourth of states must receive funding based on:
 - Percentage of population in rural census areas
 - Proportion of rural health facilities relative to national totals
 - Number of “deemed disproportionate share” hospitals
 - Other factors determined by the CMS Administrator
- Program activities include:
 - Promoting evidence-based, measurable interventions for prevention and chronic disease management
 - Recruiting and retaining a rural clinical workforce with a minimum five-year service commitment
 - Supporting other rural health priorities

Student Loans

The OBBA includes major reforms to student financing that will impact students. Beginning in 2026, it eliminates Graduate and Professional PLUS Loans, imposes annual and lifetime borrowing caps for professional students, and alters both Public Service Loan Forgiveness and income-driven repayment plans. The legislation also ties program eligibility to graduate earnings, potentially putting some medical education programs at risk of losing federal aid. These changes could limit access to medical education and influence the future composition of the physician workforce.

Grad PLUS Loan Program

- Eliminated – Starting July 1, 2026
- Students with Grad PLUS loans for their current program as of July 1, 2026 retain eligibility for up to 3 years.

Federal Professional Loan Borrowing Caps – Starting July 1, 2026

- Sets medical student professional loan limits at \$50,000 annual, \$200,000 lifetime
- House set caps at \$150,000, original Senate proposal at \$135,000
- Students enrolled before July 1, 2026 with existing loans are grandfathered in for up to 3 years

Institutional Accountability/ Risk Sharing – Starting July 1, 2026

- Established an accountability formula assessing the earnings of graduates 4 years after program completion, regardless of the credential level

PSLF Eligibility for Residency

- Maintained time served in a medical residency program as counting towards PSLF

Loan Interest Deferral for Medical Residents

- House bill paused student loan interest accrual during the first four years of program completion; the Senate version didn't include this provision.

Medicare Physician Fee Schedule

The OBBA includes an increase to the Medicare Physician Fee Schedule, providing a 2.5% payment boost for calendar year 2026. This increase only applies for the calendar year 2026 and is not a long-term fix. A Kaiser Family Foundation summary of the health impacts of the OBBA can be found [here](#).

Congressional Activities Beyond the OBBBA

THCGME Letter

The Teaching Health Center Graduate Medical Education (THCGME) Coalition continues to engage Congress on reauthorization priorities and has emphasized the need for higher annual funding than what was proposed in the near-passed December 2024 continuing resolution (CR). While congressional staff acknowledged the September 30th funding deadline, they indicated that reauthorization efforts remain in the early stages and are largely dependent on decisions from Congressional leadership. Given current dynamics and how the Senate is operating, it appears unlikely that a stand-alone Senate bill will be introduced.

The THCGME Coalition recently sent a letter, signed by CAFM, urging the Senate HELP Committee to reauthorize the THCGME program that includes the requisite funding increase. Read the letter [here](#).

House Health Subcommittee Markup on 10 Bills

On July 16, the House Energy and Commerce Health Subcommittee held a legislative hearing on rural health bills titled, "Legislative Proposals to Maintain and Improve the Public Health Workforce, Rural Health, and Over-the-Counter Medicines." The hearing [memo](#), which includes a reference to a draft Title VII reauthorization, is available here. We submitted suggested questions to a committee member ahead of the hearing.

HHS Secretary Testifies Before House Subcommittee on FY26 Budget

On June 24, the House Energy and Commerce Health Subcommittee held a [hearing](#) on President Donald Trump's FY 2026 budget request for the Department of Health and Human Services (HHS), where HHS Secretary Robert F. Kennedy Jr. testified.

Throughout the hearing, several members raised concerns about proposed cuts to the National Institutes of Health (NIH) and broader implications for the research community. In her opening statement, Subcommittee Ranking Member Diana DeGette (D-CO) highlighted fears about the impact of “current research cancellations and reductions in force at HHS.” Full Committee Ranking Member Frank Pallone (D-NJ) echoed these concerns, stating, “the Trump administration cut nearly \$3.8 billion in grants from the [NIH], creating extreme uncertainty for medical researchers across the country and threatening future medical innovation.”

Members also pressed Secretary Kennedy on rural health access and the department’s proposed reorganization. He emphasized HHS efforts to prioritize families lacking access to primary care in rural areas, pointing to innovations in telemedicine and artificial intelligence. Rep.

Mariannette Miller-Meeke, MD (R-IA), asked how the reorganization would invest in rural America. Rep. Lori Trahan (D-MA) warned that OBBA’s Medicaid cuts could create a “perfect storm for hospital closures” in rural communities.

Congress Approves \$9 Billion Rescissions Package in Late-Night Vote

Just after midnight on Friday, Congress passed a \$9 billion rescissions package that includes 21 budget authority cuts and now heads to President Trump for signature.

The measure rescinds funds from a range of agencies and programs, including the Corporation for Public Broadcasting, the Department of State, USAID, the U.S. Institute of Peace, and other international assistance efforts. The cuts mirror President Trump’s May 28 rescissions request, which originally proposed \$9.4 billion in budget authority reductions

The House expedited the process by combining the final passage with a procedural vote. The measure was approved by a narrow margin, passing largely along party lines with a 216–213 vote. Republican Representatives Mike Turner (OH) and Brian Fitzpatrick (PA) were the only members of their party to vote against it.

Wyden Concerned about Vaccine Panel Purge

In a [press release](#), Senate Finance Committee Ranking Member Ron Wyden (D-OR) criticized HHS Secretary Kennedy for removing all 17 vaccine experts from the Advisory Committee on Immunization Practices (ACIP) and appointing replacements who may have significant conflicts of interest. Wyden pointed to the move as contradictory to Secretary Kennedy’s earlier pledge during a Finance Committee hearing to “do nothing that makes it difficult or discourages people from taking vaccines.”

CDC Nominee Approved by HELP Committee

The Senate Committee on Health, Education, Labor and Pensions (HELP) voted to advance Susan Monarez's nomination as director of the Centers for Disease Control and Prevention (CDC) on Wednesday. The panel voted along party lines 12-11. Monarez is the first CDC director nominee to require a Senate confirmation after Congress passed a law requiring it in 2022.

Administrative Activity

Stakeholders Weigh in with Concerns on USPSTF

On July 1, stakeholders sent a [letter](#) signed by 104 health organizations, including CAFM, urging Secretary Kennedy to protect the integrity of the United States Preventive Services Task Force (USPSTF), supported by the Agency for Healthcare Research and Quality (AHRQ). Since 1984, the USPSTF has employed rigorous methodologies and significant public input to formulate recommendations based on research, data, and evidence.

CMS Fee Schedule Published

On July 14, CMS released the proposed [Medicare Physician Fee Schedule](#) (PFS) for calendar year 2026. The rule aims to strengthen primary care through new quality measures, curb wasteful spending on skin substitutes, and launch a new payment model focused on chronic disease management. CAFM is reviewing the proposal and will likely join other stakeholders in submitting a comment letter during the 60-day public comment period.

OSTP Issues Guidance on Science Standards

On June 23, the Office of Science and Technology Policy (OSTP) released a [memo](#) outlining guidance for implementing [Executive Order \(EO\) 14303](#), “Restoring Gold Standard Science.” The memo, directed to federal department and agency heads, defines the EO’s core principles and instructs agencies to adopt them while minimizing administrative burden by leveraging tools like AI and other technologies. Agencies are required to submit implementation reports to OSTP and post them publicly by August 22, 2025. Starting in 2026, annual reports will be due by September 1.

Additional Advocacy Items

Nearly 8 million Student-Loan Borrowers Charged for Interest

The U.S. Department of Education announced it will begin [charging interest on federal student loans](#) for approximately 7.7 million borrowers enrolled in the SAVE (Saving on a Valuable

Education) repayment plan, following a court decision that blocked the program. The change, detailed in a July 9th press release, will take effect on **August 1**.

The SAVE plan, launched by the Biden administration, was designed to ease repayment burdens, allowing borrowers to make zero-dollar monthly payments and offering debt forgiveness after a maximum of 25 years. However, the program faced swift legal challenges from a coalition of Republican-led states, and an appeals court ultimately paused its implementation.

While legal proceedings continue, borrowers had been shielded from making payments or accruing interest, until now. The Education Department's latest move signals a shift as the court battle over student debt relief efforts plays out.

Supreme Court Rule on USPSTF

In [*Kennedy v. Braidwood Management*](#), the Supreme Court upheld the authority of the U.S. Preventive Services Task Force (USPSTF) to determine which preventive services must be covered by health insurance without cost-sharing. The Court also affirmed the HHS Secretary's power to appoint or remove USPSTF members and modify or withdraw its recommendations.

Experts view the decision as mixed: it maintains the independent, evidence-based process for recommending preventive services and preserves required coverage, but it also grants Secretary Kennedy expanded control over preventive health policy—raising concerns given his recent actions targeting other advisory bodies like ACIP.