

Budget and Acquisition State of Play

Healthcare Focus

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TheCGP.org

Be certain of

UNCERTAINTY!!!

Appropriations

Where we are

- Full Year FY25 CR
- Reconciliation
 - Passed the House
 - July 4th target date
 - *Only for mandatory spending*
- FY26 appropriations
 - Starting to move through the House
 - Defense
 - Milcon-VA
 - Agriculture
 - Leg Branch
 - Senate – little movement

It doesn't all fit

Reconciliation

Make permanent business tax breaks for R&D, depreciable property, and interest expenses

Raise debt limit by \$5 trillion

House GOP Medicaid changes in reconciliation are contentious

Health-care provisions ~ \$1 trillion over 10 years

Reconciliation

More spending flexibility

Authorizers could appropriate more than appropriators

Will we have a year-long CR for FY2026?

Appropriations – Budget Request

Department	Fiscal 2026 Request	Change from Fiscal 2025
Homeland Security	\$107.4B	64.9%
Defense	961.6	13.4
Transportation	26.7	5.8
Veterans Affairs	134.6	4.1
Justice	33.2	-7.6
Energy	45.1	-9.4
Education	66.7	-15.3
Commerce	8.5	-16.5
Agriculture	22.3	-18.3
Treasury	11.5	-19.0
Health and Human Services	93.8	-26.2
Interior	11.7	-30.5
Labor	8.6	-34.9
Housing and Urban Development	43.5	-43.6
State and international programs	9.6	-83.7

HHS

- \$27.5 billion for NIH, consolidating 19 offices to 8 to “focus on true science”
- \$14.1 billion for new Administration for a Healthy America, merging HRSA, SAMHSA, and some CDC programs
- \$4.1 billion for CDC, a \$550 million cut
- \$3.2 billion for FDA plus \$3.6 billion in user fees
 - User fee authority for drugs and medical devices currently expires Sept. 30, 2027

Veterans Affairs

- \$1.5 billion in new funding for FY26 & FY27 to expand mental health residential rehabilitation

SBA - \$600 million (32% decrease)

Total VA Request: \$435.7 Billion (+10% vs. FY25)

Request (without MCCF: Medical Care Collections Fund)

- Discretionary – \$134.6 billion
- Mandatory – \$301.2 billion
- Total FY26 – \$435.7 billion
- Community care shift – VA medical services **-\$12** billion; community care **+\$11.4** billion
- Recissions – \$15 billion

House Appropriations – Headed to the Floor

- FY26 Total - \$435.3 billion
 - Mandatory spending includes \$53 billion for Toxic Exposures Fund
 - FY27 advanced – \$122.3 billion
 - \$2.5 billion to the VA electronic health records modernization program
 - \$943 million for medical and prosthetic

Acquisition Reform in the Administration



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The Acquisition Framework

- Statute (Title 10 and 41) → FoRGED Act
- Regulations → FAR/Agency FARS rewrite
- Appropriations process → CRs, reconciliation, impoundment
- Instructions/policies → Being rewritten (IP, commercial)
- Workforce → Cuts and new incentives
- Contracting offices → Consolidated buying in GSA

Executive Orders

Commencing the reduction of the federal bureaucracy

“It is the policy of my Administration to **dramatically reduce the size of the Federal Government**, while increasing its accountability to the American people.... Reducing the size of the Federal Government will minimize Government waste and abuse, reduce inflation, and promote American freedom and innovation.”

Implementing the DOGE Cost Efficiency Initiative

Initiates a **review of contracts** and contract policies, development of **systems to approve payments**

Eliminating waste and saving taxpayer dollars by consolidating procurement

Agencies shall submit proposals **to have GSA "conduct domestic procurement with respect to common goods and services for the agency**, where permitted by law"

Ensuring commercial, cost-effective solutions in federal contracts

When seeking to acquire a non-commercial item or service, COs must submit to the approval authority **“a description of the proposed procurement,” including the reasons a non-commercial product or service is required**

Changing Acquisition Policies

- Disfavor resellers, consulting contracts, contracts for 'bodies' (another insource effort?)
- More commercial
- Use OTAs, CSOs, Software Acquisition Pathway, MTA
- Buy from nontraditionals (lets kill off a traditional or two)
- Get the IP rights

Changing Macroeconomic

- Buy American
- Supply Chains
- Tariffs

Changing Culture/Incentives

- OPM memo [New SES Performance Appraisal System and Performance Plan, and Guidance on Next Steps for Agencies to Implement Restoring Accountability for Career Senior Executives](#) details the new system, including
 - For agencies with five or more executives, no more than 30% of total ratings shall be Levels 4 and 5
 - Only executives rated Level 4 or Level 5 should receive a performance award or performance-based pay adjustment exceeding 5% of their rate of basic pay
 - Faithful Administration of the Law and the President's Policies. This is the most critical element for reviewing the job performance
- Buying commercial – performance evaluation metrics will include "a first consideration of commercial solutions, adaptive acquisition pathways...and iterative requirements based on the perspective of the end user"

Acquisition Reform in Congress



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Senate – The FoRGED Act (Sen. Wicker)

Section	Code title	
101	Repeals of existing law	285 repeals
102	Modifications to current defense acquisition requirements	22 modifications
103	Automatic sunset for future statutory reporting requirements	1 provision
Title II	Defense acquisition roles, responsibilities, and organizations	5 provisions
Title III	Rapid acquisition and commercial contracting	21 provisions
Title IV	Promotion of competition in the DIB	2 provisions
Title V	Defense budgeting process	3 provisions (7 amend., 22 repeals)

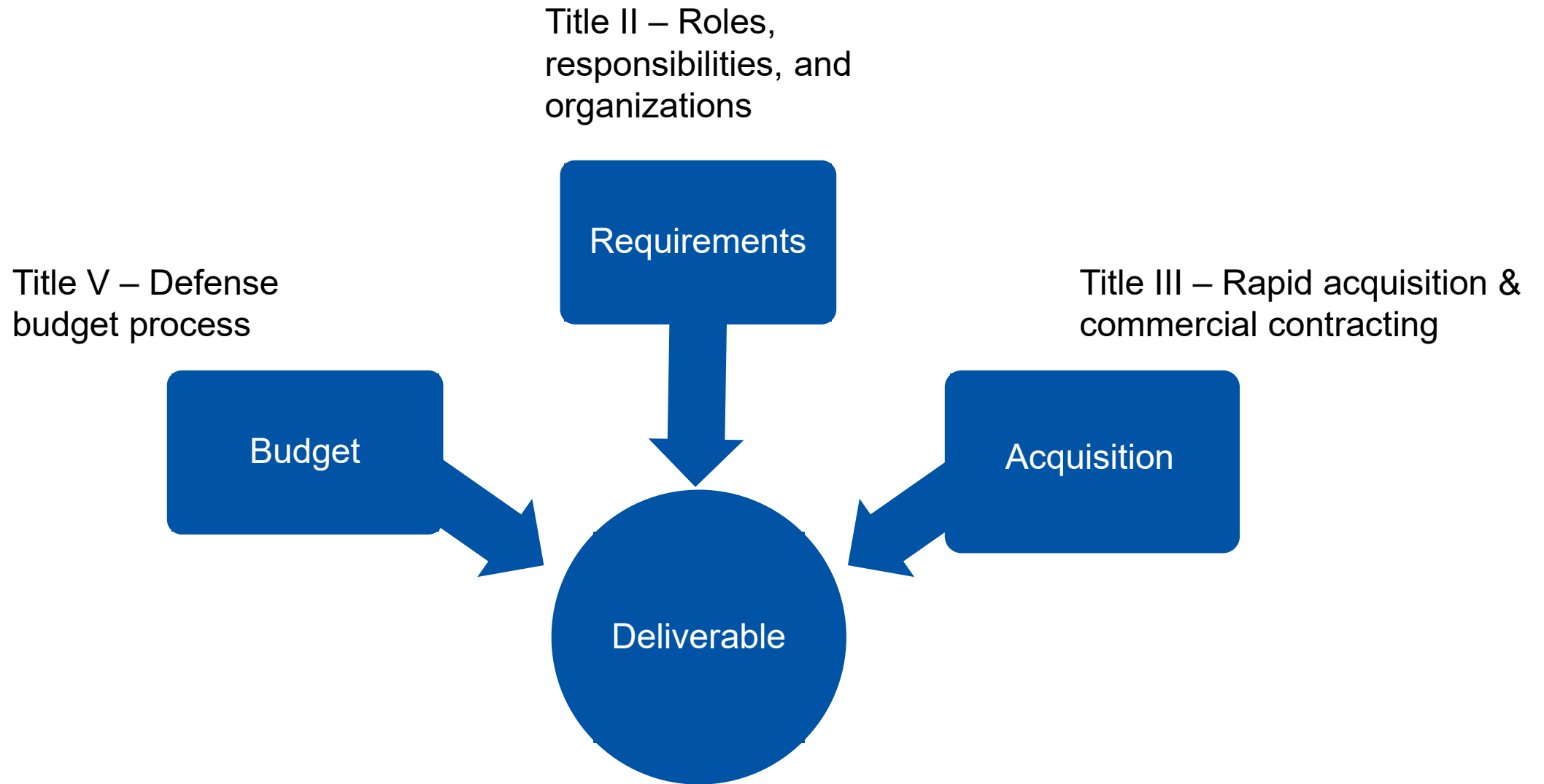
What Would FoRGED Do?

- Clean up the code
- Update provisions
- Remove bureaucracy
- Make big policy changes



Speed
Investment/innovation
Expand the DIB

Start the conversation!



House – The SPEED Act (Reps. Rogers and Smith)

Streamlining Procurement for Effective Execution and Delivery (SPEED) Act (HR 3838)

- Five pillars
 - Aligning acquisition to warfighter priorities & operational outcomes
 - Accelerating the requirements process
 - Striking the balance between regulation and efficiency
 - Strengthening the DIB
 - Developing a mission-oriented defense acquisition workforce
- Themes running throughout the bill
 - Data-driven decision-making
 - DoD acquisition workforce
 - Sustainment and material readiness
 - More emphasis on combatant commanders' input

Small Business Innovation Research Defense Production Act

Healthcare-Specific



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The Administration – Executive Orders

- [Withdrawing The United States From The World Health Organization](#), (Jan. 20, 2025)
- [Establishing the President's Make America Healthy Again Commission](#) (Feb 13, 2025)
 - HHS restructured ([fact sheet](#), March 27, 2025)
 - Downsizing from 82,000-62,000 FTEs, restructuring 28 divisions to 15, prioritizing chronic illness
 - [Report](#) released, focusing on childhood health (May 22, 2025)
- [Lowering Drug Prices by Once Again Putting Americans First](#) (April 15, 2025)
 - HHS, within 1 year, shall plan for Medicare to obtain better costs for prescription drugs and biological products
- [Regulatory Relief to Promote Domestic Production of Critical Medicines](#) (May 5, 2025)
 - “The regulation of manufacturing pharmaceutical products and inputs be streamlined”
 - “Enhancing Inspection of Foreign Manufacturing Facilities”
- [Improving the Safety and Security of Biological Research](#) (May 5, 2025)
 - “End Federal funding of...research by foreign entities in countries of concern...or in other countries where there is not adequate oversight”
 - Implement strategies to manage gain-of-function research in the US that is not federally funded

Senate VA Committee – ARCA Act (S 1591)

- Acquisition Reform Cost Assessment Act of 2025 (ARCA)
 - Would create an assistant secretary for acquisition and innovation
 - Major programs (\$.250m) would report to the Asst Secretary
 - Deputy Asst Secretary (logistics) – also responsible for supply chain operations of the department
 - Deputy Asst Secretary (innovation)
 - Deputy Asst Secretary (procurement) – responsible for all procurement and contracting organizations
 - Would create a director of cost assessment and program evaluation
 - Would provide other transaction authority to the department
- Veterans Prosthetics Enhancement Act of 2025 – not yet introduced
 - Organizational change similar to ARCA
 - Assess the regulations and policies governing prosthetics and rehabilitative items
 - Move to more of a Pharmacy Benefits Management (PBM) services' model
 - Promote data-driven policy

Senate

GOP leadership

DEM leadership



Appropriations



Susan Collins
(R-ME)



Patty Murray (D-WA)



Health, Education,
Labor, and Pensions



Bill Cassidy
(R-LA)



Bernie Sanders (I-VT)



Homeland Security
and Governmental
Affairs



Rand Paul (R-KY)



Gary Peters (D-MI)



Veterans' Affairs



Jerry Moran
(R-KS)



Richard Blumenthal (D-CT)



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House

GOP leadership



Tom Cole (R-OK-4)



James Comer (R-KY-1)



Brett Guthrie (R-KY-2)

Buddy Carter (R-GA-1)



Mike Bost (R-IL-12)

DEM leadership



Rosa DeLauro (D-CT-3)



Frank Pallone (D-NJ-6)

Diana DeGette (D-CO-1)



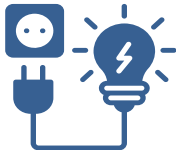
Mark Takano (D-CA-39)



Appropriations



Oversight and Accountability



Energy and Commerce

Health subcommittee



Veterans' Affairs



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Questions?