

The FY 2026 NDAA

Healthcare Focus

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January 15, 2026



Common Sense

THE COALITION
for Government Procurement

TheCGP.org

Key Points

Biotechnology is a National Security Issue

- Biotechnology has defense applications
- Supply chains and reliance on China still a concern

Industrial Base Policy

- The Administration has an activist industrial base policy
- R&D is a major focus

Acquisition and Management Reform Extends to Healthcare

Watch Appropriations

The Reform Agenda

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The President's Management Agenda (Dec. 2025)

Shrink Government & Eliminate Waste

- Eliminate waste
- Downsize federal gov't

Ensure Accountability

- Merit-based workforce
- End overclassification
- Contract with the best businesses
- Hold contractors accountable

Deliver Results

- Consolidate procurement & eliminate bureaucracy
- Leverage technology for faster, more secure services
 - Cyber
 - AI
 - Digital-first services

Budget Cuts and Scrubs

Rewriting the Regulations

Changing the Workforce

(-10%; 250,000 employees)

Pursuing an Activist Industrial Base Policy

Government's Role in the Private Sector

- EO 14196 [A Plan For Establishing A US Sovereign Wealth Fund](#) (Feb. 3, 2025)
- \$400 million investment for a preferred equity stake in MP Materials
- A “golden share” in U.S. Steel to allow Japan’s Nippon Steel to acquire it
- A [10% stake](#) in chipmaker Intel
- Nvidia and AMD agreed to pay the US government 15% of revenue from AI chip sales to China
- Tariffs/Trade deals
- Executive Order [Prioritizing the warfighter in defense contracting](#)

Perspectives

- American Views
 - 39% rated socialism positively
 - 37% rated big business positively; 62% negatively
 - 30% (plurality) believe the U.S. has too few regulations on businesses, allowing businesses to get away with things they should not be able to do
 - 36% believe the U.S. should increase regulations to protect consumers
- Young Adults
 - 39% support capitalism (down 6% from 2020)
 - 21% support socialism (47% of Democrats)

DoD Acquisition Reform (Nov. 7)

People

- Reduce the workforce
- Empower and incentivize
 - PAEs
 - Delegate authority
- Extend tenures
- Improve education
 - DAU
 - DOD-Industry rotations

Process

- Buy more commercial
- Rapid acquisitions
 - OTA, CSO, MTA
- Digital acquisition
- Streamline
 - FAR
 - CAS/TINA
 - Go direct to suppliers

Industrial Base

- Industry-driven solutions
 - Communicate challenges/needs
- Grow the DIB/competition
 - Better demand signal
 - Invest in the DIB
- Incentivize industry
 - Pre-contract investments
 - Purchase guarantees
 - Longer contracts

Force=Mass*Acceleration

Military Force=Mass*Acceleration*Capability*Cost

Biotech & Healthcare

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Biotech and National Security

- [Report to Congress on Military and Security Developments Involving China 2025](#) (Dec. 2025)
 - “Prominent PLA thinkers believe that biotechnology is poised to transform warfare”
- [The Future of US-China Biotechnology Competition](#) (Dec. 2025)
 - National Security Commission on emerging biotechnology
 - “China is now surpassing the United States in certain domains of biopharmaceutical innovation”
 - In Q1 2025, “Chinese companies accounted for 42% of licensing deals over \$50 million”
 - “China is capturing the biopharmaceutical value chain”

DoD Tech Priorities



Applied Artificial Intelligence



Biomanufacturing



Contested Logistics Technologies



Quantum and Battlefield Information Dominance



Scaled Hypersonics



Scaled Directed Energy

Administration Action

Artificial Intelligence

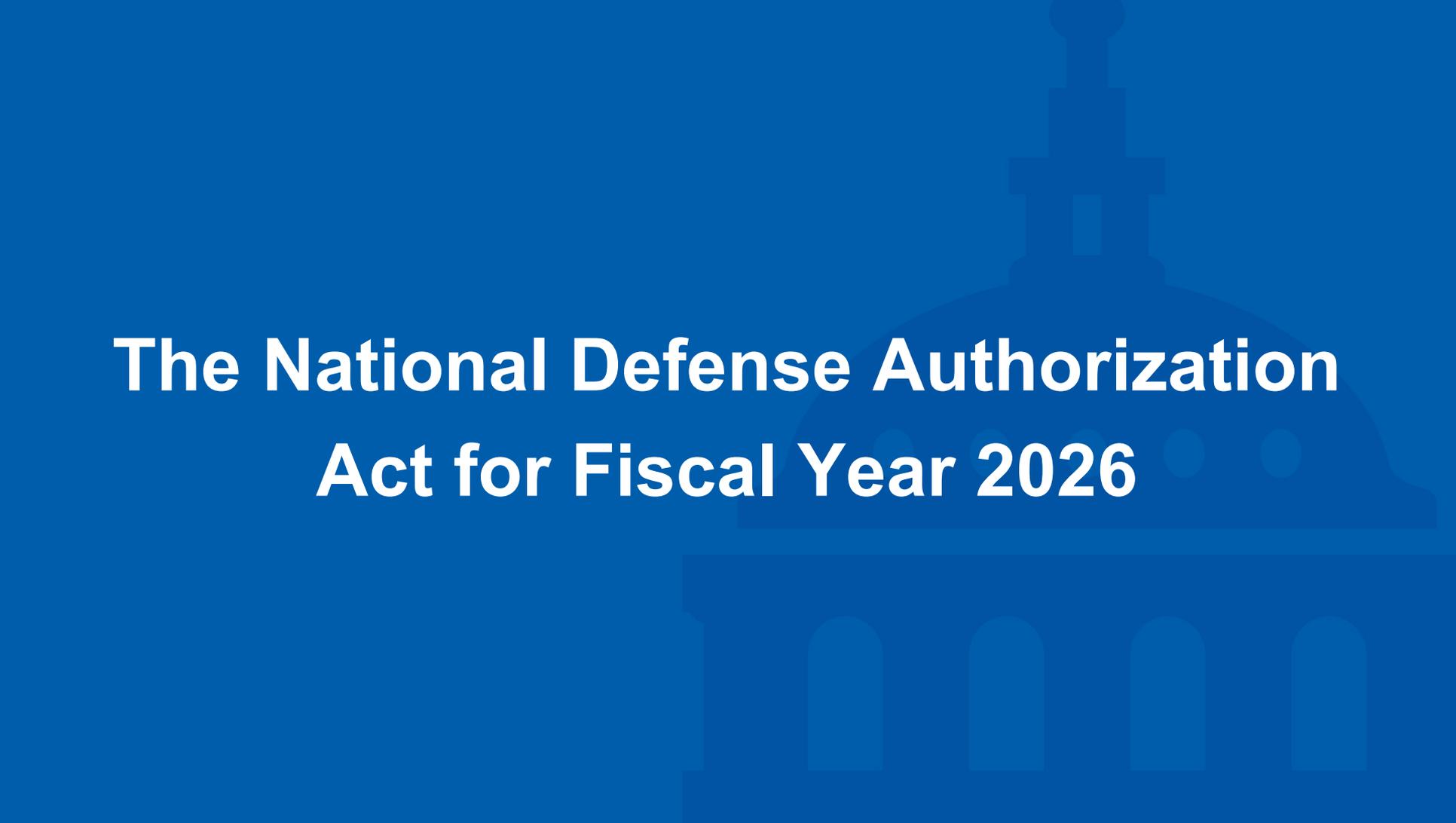
- E.O. 14355, “Unlocking Cures for Pediatric Cancer With Artificial Intelligence” (Sept. 30, 2025)
 - The EO calls for using “advanced technologies such as AI to unlock improved diagnoses, treatments, cures, and prevention strategies for pediatric cancer”
- E.O. 14363, “Launching the Genesis Mission” (Nov. 24, 2025)
 - To “accelerate the application of AI for transformative scientific discovery”
 - Michael Kratsios, Director of the White House Office of Science and Technology Policy:
 - The Genesis Mission connects world-class scientific data with the most advanced American AI to unlock breakthroughs in medicine ... and beyond.”
- HHS AI Strategy (Dec. 4, 2025)
 - “Framework to establish robust HHS-wide AI infrastructure, accelerate AI innovation, and promote and ensure AI security throughout the health care and human services sector

Veterans Affairs

- Veterans Health Administration [Restructuring Plan](#)
 - Consolidate from 18 to 5 Veterans Integrated Service Networks
 - Eliminate 26,000 positions



2024 domestic health care = \$5.3 trillion (+7.2%)



The National Defense Authorization Act for Fiscal Year 2026

FY26 NDAA – Healthcare and Biotech Provisions

- Title II - Research, Development, Test, and Evaluation
- Title VII - Healthcare Provisions
- Title VIII - Acquisition
- Division F - Intelligence Authorization Act

Title II – Biotech Matters

- **Sec. 241.** Support for R&D of Bioindustrial Manufacturing Processes
 - Amends Sec. 215 of the FY23 NDAA, by allowing DoD to use RDT&E funds to support the established network of bioindustrial manufacturing facilities (pursuant to Sec., 215) for
 - “Innovative bioindustrial manufacturing processes and the scaling of bioindustrial manufacturing products to higher levels of production”
- **Sec. 242.** Biotechnology Management Office
 - Requires DOD, within 120 days of enactment, to establish a Biotechnology Management Office, responsible for
 - Executing the Defense Biotechnology Strategy
 - Updating related policies and guidance
 - Supporting the development of public-private partnerships
- **Sec. 243.** Bioindustrial Commercialization Program
 - Authorizes DoD, within one year of enactment, to create a program to expand the “domestic capacity for bioindustrial manufacturing of critical biomanufactured products at a commercial level” by making awards for
 - Establishing, upgrading, or retooling bioindustrial manufacturing facilities

Title II – Biotech Matters cont.

- **Sec. 244.** Biotechnology Supply Chain Resiliency Program
 - Authorized DoD to establish a program for the Department’s labs to develop, scale, and transition to the military departments, biotechnology-based technologies and capabilities
 - Relevant to the defense mission and
 - Support resilience of the defense supply chain
- **Sec. 245.** Biological Data for Artificial Intelligence
 - Requires DoD, by December 18, 2026, to implement requirements to ensure biological data created by Department funded research are collected for use in advanced computational analysis
 - Requires DoD to consult with the private sector to ensure that the requirements are not “overly burdensome”
- **Sec. 246.** DoD Biotechnology Strategy
 - Requires DoD, by June 1, 2026, to submit to the armed services committees “a strategy on the national security implications of emerging biotechnologies,” including
 - The role of DoD in promoting biomanufacturing of products
 - Using advance market commitments for defense-relevant biotechnology products
 - Incorporating emerging biotechnology in wargames

Title II – Biotech Matters Cont.

- **Sec. 247.** Ethical and Responsible Development and Deployment of Biotechnology within DoD
- **Sec. 248.** Establishing Biobased Product Merit Guidance
 - Requires DoD to provide guidance to industry on how to “demonstrate, validate, and verify that a biobased product” provides required capabilities to the Department

Title VII – Health Care Provisions

- **Sec. 711.** Codifying the Position of Director of DHA
- **Sec. 719.** Strategic Infectious Disease Medical Research Plan
 - Requires DoD, within 90 days of the FY27 budget request, to submit to the armed services committees, a strategic infectious disease medical research plan, to ensure that such research links to
 - Military readiness,
 - Joint force requirements,
 - COCOM requirements, or
 - TRICARE treatments
 - Requires DoD to submit to the President a detailed budget for executing the medical research plan, to support the President's budget requests for FY27-32

Title VIII – Acquisition

- **Sec. 805.** Insufficiencies in Technical Data (H 863, 892; S 836)
 - Requires DoD
 - Within 90 days of enactment, implement a system to track covered data and contractor compliance with requirements for technical data
 - Review the requirements of contracts for covered data, and “identify any insufficiency in covered data that negatively affects” the ability to operate or cost-effectively maintain the covered systems
 - Seek to address any insufficient data, including requesting from the contractor options for obtaining such data (including options, licenses, and access agreements)
 - For commercial products with insufficient data, ensure that pricing terms and conditions are consistent with commercial practices for granting similar access
 - Covered data is defined as technical data and computer software required to
 - Enable DoD or authorized repair contractors to repair or maintain systems at a depot or other government location in support of “depot-level maintenance and repair” pursuant to 10 USC 2466
 - Maintain a core logistics capability pursuant to 10 USC 2464
 - Covered systems are MDAPs and programs/projects using rapid prototyping or fielding (10 USC 3602) that meet the dollar thresholds of MDAPs
 - Requires DoD, by April 1, 2026, and every 90 days thereafter (until the assessment is complete), to brief the defense committees on progress in fulfilling the requirements of this section
 - JES – “the Department’s challenges related to technical data are not rooted in an insufficiency in the law, but rather insufficiencies in the Department’s planning and resourcing decisions made early in the acquisition phase...and in some cases the Department’s insufficient inspection, acceptance, and management of technical data that have been negotiated”

Title VIII

- **Sec. 851. Prohibition on Contracting with Certain Biotechnology Providers**
 - Prohibits executive agencies from
 - Procuring or obtaining
 - Biotechnology equipment or services produced or provided by biotechnology companies of concern
 - Contracting with an entity that
 - Uses such biotechnology equipment or services pursuant to a contract with the agency or
 - Contracts with an entity knowing that it will require using said biotechnology equipment or services, when done to perform on a contract with the agency
 - Biotechnology companies of concern are entities that
 - Manufacture, distribute, provision, or procure biotechnology equipment or services that are
 - On the 1260H list of Chinese military companies or a subsidiary of a company on the list,
 - Subject to the control of a foreign adversary,
 - Pose a risk to that national security of the US, or
 - A subsidiary, parent, or successor of such a company
 - Limited waivers are available on a case-by-case basis
 - Requires
 - Within 1 year of enactment, OMB to publish a list of biotechnology companies of concern
 - Within 180 days of the list being published, OMB to issue guidance to implement this section
 - Within 1 year of guidance being issued, the FAR Council to revise regulations to implement the section
 - The effective date is 60 or 90 days from when regulations are revised

Division F – Intelligence Authorization Act

Title LXVI: AI and Emerging Technologies - Subtitle B: Biotechnology

- **Sec 6611.** Senior Officials for Biotechnology
 - Amends Title I of the National Security Act of 1947, requiring the following agencies to designate senior officials for biotechnology, within 90 days of enactment
 - Office of the Director of National Intelligence
 - Central Intelligence Agency
 - Defense Intelligence Agency
 - Federal Bureau of Investigation
 - Office of Intelligence and Counterintelligence of the Department of Energy
- **Sec. 6612.** Plan on Enhanced Intelligence Sharing Relating to Foreign Adversary Biotechnological Threats
- **Sec. 6614.** Enhancing Intelligence Community Support to Secure US Biological Data
- **Sec. 6615.** Ensuring IC Procurement of Domestic US Production of Synthetic DNA and RNA
- **Sec. 6616.** Strategy for Addressing Intelligence Gaps relating to Chinese Investment in US Origin Biotechnology

Division F – Intelligence Authorization Act

- **Sec. 6703.** Prohibition on IC Contracting with Chinese Military Companies Engaged in Biotechnology R&D or Manufacturing
- **Sec. 6708.** National Intelligence Estimate of Advancements in Biotechnology by China

Outbound Investment

- **Division H: Other Matters – TITLE LXXXV.** Comprehensive Outbound Investment National Security Act of 2025 (S 1701-1741)
 - Authorize the President to use the International Emergency Economic Powers Act (50 USC 1701 et seq.) to “prohibit any United States person from investing in or purchasing significant amounts of equity or debt instruments of” or an entity under the control of,
 - An entity incorporated in or whose principal place of business is in China
 - A member of the Chinese Communist Party
 - A Chinese government entity
 - An entity significantly engaged in Chinese defense or related sectors
 - Intelligence and other specific activities are exempt from the prohibition
 - Amends the Defense Production Act (10 USC 4502 et seq.), adding Title VIII - Prohibition and Notification of Investment Relating to Covered National Security Transactions, which contains
 - Sec. 801. Prohibition on Investments
 - Sec. 802. Notification of Investments
 - Sec. 803. Report
 - Sec. 804. Multilateral Engagement and Coordination
 - Sec. 805. Public Database of Covered Foreign Persons
 - Sec. 807. Penalties
 - Sec. 808. Exemption from Disclosure

Questions?

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