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Client Alert: U.S. House Releases Consolidated Appropriations Act, 2026 – Key Health Care Funding and Policy Provisions

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As Congress continues negotiations over federal funding priorities, health care providers, research institutions, and other industry stakeholders are closely monitoring developments that could affect reimbursement, compliance obligations, and program funding. On January 20, the U.S. House of Representatives released the text of the Consolidated Appropriations Act, 2026, which includes the FY26 Labor, Health and Human Services, and Related Agencies appropriations bill. The legislation reflects a bipartisan agreement and funds federal agencies for the remainder of FY26 as part of a broader "minibus" package designed to prevent a government shutdown.

Notably, the bill provides $116.6 billion to the U.S. Department of Health and Human Services (HHS) and rejects many of the deeper funding cuts and structural changes initially proposed by the administration.

Key Funding Highlights

National Institutes of Health (NIH)

- Approximately $48.7 billion in total funding
  - $7.4 billion for cancer research

    - $3.9 billion for Alzheimer's research
    - $2.3 billion for diabetes research

- Explicitly protects NIH from a proposed 15 percent cap on indirect cost rates

Centers for Disease Control and Prevention (CDC)

- Roughly $9.2 billion (near-level funding)
    - $360 million for public health infrastructure ($10 million increase)
    - $185 million for data modernization ($10 million increase)

Mental Health and Substance Abuse

- $5.5 billion total for mental health services
- $1.6 billion for state opioid response grants
- $535 million for the 988 Suicide & Crisis Lifeline ($15 million increase)

Public Health Preparedness

- $3.7 billion for the Administration for Strategic Preparedness and Response (ASPR) for the Hospital Preparedness Program
- Includes $240 million in level funding formula grants

Community Health Centers

- $1.86 billion in discretionary funding
- Includes extensions of mandatory funding

Rural Health

- $418 million targeted toward:
    - Rural hospitals at risk of closure
    - Increasing rural residency spots

Maternal and Child Health

- $1.2 billion for the Maternal and Child Health Bureau
- Includes a new $15 million "Food Is Medicine" pilot program for maternal produce prescriptions

Ryan White HIV/AIDS Program

- Maintained at $2.6 billion
- Includes level funding for the "Ending the HIV Epidemic" initiative

Notable Policy Provisions

- Language that requires hospitals to ensure each off-campus outpatient department (OPD) has a unique National Provider Identifier distinct from the main hospital; Noncompliance will render the OPD ineligible for Medicare payment starting in 2028.
- Extension of pandemic-era Medicare telehealth waivers through 2027

Affordable Care Act (ACA) Subsidies Not Extended

The bill does not include an extension of the enhanced subsidies for buying Affordable Care Act (ACA) marketplace insurance. The status quo means ACA enrollees will continue to face premium payments that have been projected to more than double the 2025 out-of-pocket premium, on average.

What This Means for Providers and Stakeholders

The FY26 appropriations package largely maintains stability across major health programs while signaling continued congressional support for research, public health infrastructure, telehealth, and safety-net providers. However, upcoming compliance requirements and the absence of ACA subsidy extensions warrant close attention.

With questions or for more information, please contact Daphne Kackloudis or a member of the Shumaker Health Law team.

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