Special Needs Alliance:

Public Policy News You Can Use

January 20, 2026

Representative Schakowsky Introduces Stop Unfair Medicaid Recoveries Act

Earlier this month, Representative Janice Schakowsky (D-IL-09) introduced the Stop Unfair Medicaid Recoveries Act (H.R.6951), marking her third introduction of the bill in sequential Congressional sessions. With the support of 19 Democratic co-sponsors, the legislation would amend the Social Security Act to prevent states from initiating, maintaining, or collecting Medicaid costs from family members after the enrollee dies, frequently called estate recovery. In 2024, KFF published an issue brief outlining the state-by-state variation in estate recovery policies. To show their support for the bill, Justice in Aging released a Fact Sheet outlining how estate recovery perpetuates poverty and the National Academy of Elder Law Attorneys' members shared their lived experiences almost losing their family homes. Other notable supporters of the Stop Unfair Medicaid Recoveries Act include the American Medical Association (AMA), Medicare Rights Center, and Brain Injury Association of America.

Federal Judge Blocks HHS from Freezing Childcare Funds in Five States

A federal judge in the Southern District of New York has temporarily blocked the Department of Health and Human Services (HHS) from freezing roughly $10 billion in social services funding to five Democratic-led states – California, New York, Minnesota, Illinois, and Colorado – after the states challenged the move as unlawful and unconstitutional. U.S. District Judge Arun Subramanian granted a 14-day temporary restraining order halting the funding freeze while the court considers longer-term relief. The freeze would have halted billions in federal funding for programs including Temporary Assistance for Needy Families (TANF), the Child Care Development Fund (CCDF), and Social Services Block Grant (SSBG). The Trump administration argued that the freeze was necessary to address alleged widespread fraud in state-run social programs, despite many of those allegations remaining unsubstantiated. On the other hand, the five states listed under the funding freeze contend that the action was a politically motivated pretext that bypassed required legal processes and would harm vulnerable children and families.

White House Reinstates Billions in Federal Mental Health Grants the Day After Terminating Them

On Tuesday, January 13th, the Department of Health and Human Services' Substance Abuse and Mental Health Services Administration (SAMHSA) sent termination notices to more than 2,000 grant recipients, effective immediately, ending approximately one-quarter of the administration's mental health and substance use disorder funding awards. The impacted organizations received nearly 2 billion dollars in grant funds, primarily used to provide front-line prevention, treatment, and recovery services like naloxone distribution and peer recovery supports. In the termination notices, the Administration indicates that some of SAMHSA's awards were terminated to promote the administration's broader health system restructuring goals.

The next day, the Trump administration announced it would restore the $2 billion in federal grant funding for mental health and substance use disorder programs. According to SAMHSA, prior termination notices were rescinded, and grant awards would continue under their original terms and conditions. The temporary disruption prompted concern from health care providers, advocacy organizations, and medical groups, including the American Medical Association, which warned that sudden funding changes could limit access to essential care. Lawmakers from both parties engaged with administration officials to urge restoration of the grants, and several cited the importance of maintaining continuity in mental health and addiction services. Public health stakeholders have noted that the episode raised broader questions about federal communications, decision-making processes, and stability within the federal public health funding system.

Article Outlines How Federal Policies are Dismantling Children's Behavioral Health Infrastructure

Last week, Sunny Patel and Mathhew Biel, two child mental health experts at Georgetown University, wrote a piece in Health Affairs Forefront outlining how the federal government's policies are dismantling the infrastructure designed to support children's behavioral health needs. The article outlines how reductions in force (RIFs) to the Department of Education and Department of Health and Human Services, unpredictable agency restructuring, cuts to mental health grants, Medicaid spending reductions, and stigmatizing rhetoric contribute to undermining the stability and longevity of children's mental health supports. Patel and Biel argue that these abrupt changes disrupt long-term planning, maintenance, and development of children's mental health initiatives, with greater harm to rural, low-income, minoritized, and other vulnerable children. To address these issues, they recommend:

- Improving federal agency transparency
- Ensuring federally appropriate funds are disbursed as legislated
- Stabilizing multi-year continuous eligibility for children enrolled in Medicaid and CHIP
- Expanding behavioral health workforce training programs
- Establishing permanent telehealth prescribing flexibilities

- Encouraging the public's civic engagement

Wyden, Pallone Urge CMS to Restore Child Immunization Measure on Child Core Sets

On January 13, 2026, Senator Ron Wyden (D-OR), Ranking Member of the Senate Committee on Finance, and Representative Frank Pallone (D-NJ), Ranking Member of the House Committee on Energy and Commerce, wrote to Administrator Oz expressing concern about the Center for Medicare and Medicaid Service's (CMS's) decision to remove childhood immunization status from the Child Core Set, especially in the absence of public comment or meaningful stakeholder engagement. They warned that eliminating this core measure undermines CMS's ability to assess the quality of care provided to children covered by Medicaid and CHIP, comprising almost half of the nation's children. Additionally, they note that immunization rates are foundational components of preventative public health activities including identifying health disparities and emerging public health risks.

Senators Wyden and Pallone urged CMS to reverse the decision and immediately restore childhood immunization measures to the Child Core Set. They also requested CMS to respond to their concerns that the decision did not rely on valid, evidenced-based justification by January 26, 2026. In the response, the Senators asked CMS to explain what testing, validation, and stakeholder consultation occurred before making the policy change and clarify how CMS plans to monitor childhood immunizations rates in the absence of state-level immunization data.

New Study Finds Acetaminophen Use During Pregnancy Not Linked to Neurodevelopmental Disorders

On Friday January 16th, a new study found that use of acetaminophen during pregnancy is not linked to increased risk of the fetus developing a neurodevelopmental disorder. International academic and government researchers from the Italy, Norway, Sweeden, and the United Kingdom reviewed studies on the relationship between maternal use of acetaminophen during pregnancy and the fetus's potential development of neurodevelopmental disorders conducted before September 30, 2025. The researchers found that the consumption of acetaminophen during pregnancy does not cause increased risk for autism spectrum disorder, attention-deficit hyperactivity disorder (AHDH), or intellectual disability in the exposed child(ren). Furthermore, the researchers encouraged pregnant people to use acetaminophen to manage pain and fever appropriately, noting that acetaminophen avoidance exposes the mother and fetus to known risks including miscarriage, congenital abnormalities, preterm birth, and other serious outcomes. In September 2025, President Trump and his administration warned pregnant people against the use of Tylenol (brand-name acetaminophen) during pregnancy, claiming it caused autism. Although many clinicians and scientists have contested President Trump's claims, this study is the first comprehensive, systematic review of the scientific literature and provides strong evidence against President Trump's claim.

House Conservatives Release "Reconciliation 2.0" Framework Proposing $1.6 Trillion in Spending Reductions

On January 13, Republican Study Committee (RSC) members released a comprehensive conservative roadmap for a potential reconciliation bill titled Reconciliation 2.0 Framework: Making the American Dream Affordable Again. The Reconciliation 2.0 Framework focuses on lowering housing, health care, and energy costs for American families while advancing President Trump's deregulatory agenda. In an Op Ed for The Hill, RSC Chairman August Pfleuger (R-TX-11) encouraged Republicans to "seize this opportunity" to advance Republican policy solutions, recognizing Republicans hold a one seat majority in the House. The framework outlines 26 health care proposals including:

- Shifting federal funds used for Affordable Care Act (ACA) enhanced premium tax credit (EPTC) subsidies towards patient-managed Health Savings Accounts, renamed Health Freedom Accounts
- Improving the transparency of provider service costs
- Expanding federal childcare program integrity reforms to prevent fraud
- Preventing immigrants from accessing welfare programs
- Requiring Pharmacy Benefit Managers (PBMs) to pass a portion of rebates to patients
- Imposing site-neutral payment policies on hospitals receiving Medicaid funds
- Restricting Medicaid and ACA EPTC federal funds from being used to finance gender transition procedures and elective abortions
- Establishing an excise tax on colleges and universities that allow transgender women to complete in women's sports

Additionally, the framework calls for several standalone bills to be incorporated in the reconciliation package including the Biosimilar Red Tape Elimination Act, the Lower Health Care Premiums for All Americans Act, and the More Paid Leave for Americans Act. Overall, the RSC expects the health policy proposals to reduce federal spending by at least 1.6 trillion dollars.

The framework has garnered broad support among conservative House Republicans and creates further divisions within the Republican Party's slim house majority. Some moderate Republicans remain wary of additional health policy reforms ahead of the November elections. House Speaker Mike Johnson (R-LA-04) has not endorsed the plan but shared his hopes to push forward a narrow reconciliation bill that earns broad Republican support.

What's on Tap

Despite the Senate entering recess on Friday, major funding developments continued throughout the holiday weekend. Congressional leadership released bill text early this morning addressing the remaining appropriations bills - including funding for the Department of Education and Department of Health and Human Services (HHS) - needed to fund the federal government past the January 30th funding deadline. Lawmakers are also expected to attach the December 2024 healthcare package that was killed by President

Trump following his electoral victory. The healthcare deal would become a part of the $1.2 trillion funding package and includes language that would enhance oversight of pharmacy benefit managers (PBMs), extend Medicare telehealth flexibilities for two years, fund community health centers, and renew several public health programs.

The revived healthcare package, a last minute addition, is substantially more narrow in scope than President Trump's "*Great Healthcare Plan*" which was released last week. The Great Healthcare Plan lacks any substantive detail and largely recycles long-held GOP proposals to lower drug prices and insurance premiums, hold big insurance companies accountable, and increase price transparency. The White House's proposal is not expected to advance through Congress due in large part to a lack of an appetite amongst the GOP conference for another party-line bill, especially another on health care. Additionally, Democrats lack the willingness to engage in major healthcare reform discussions in part due to the fact that Republicans are already polling poorly on health care with voters ahead of the 2026 midterm elections.

Lawmakers are seemingly stalled on a compromise to reinstate the expired Affordable Care Act (ACA) enhanced premium tax credit (EPTCs) subsidies. After the House passed a clean, three-year extension of the EPTC subsidies, a bipartisan group of Senators have been working to strike a deal that would likely include guardrails like a $5 a month minimum premium payment and an income cap of 700 percent of the federal poverty line. Despite broad bipartisan support for this compromise, disagree persists on how to approach restrictions (or lack thereof) on ACA plans' coverage of abortion services. Republicans have expressed support further restricting the use of EPTC dollars for abortion services whereas Democrats refuse to support provisions that further restrict access to abortion services. Notably, the ACA and the Hyde Amendment already bar any federal dollars from being used for abortion services while state and private dollars are allowed to fund the services.

Upcoming Events

Senate

- Out of session

House

- In session: January 20-23
- Wednesday, January 21st, 10:15am | House Budget Committee holds a hearing on Skyrocketing Health Care Costs and American's Fiscal Future | 210 Cannon House Office Building
- Thursday, January 22nd, 9:45am|House Energy & Commerce Health Subcommittee holds a hearing on Lowering Health Care Costs for All Americans: an Examination of Health Insurance Affordability | 430 Dirksen Senate Office Building
- Thursday, January 22nd, 2:30pm | House Ways and Means Committee holds a full committee hearing with health insurance CEOs | 430 Dirksen Senate Office Building