Special Needs Alliance:

Public Policy News You Can Use

January 6, 2026

Medicaid Spending Cuts Restricting Gold Standard Care for Children with Autism

Recently, demand for gold-standard intensive treatments that improve social and communication skills, called applied behavior analysis (ABA) therapy, has ballooned as more families become aware of and have children diagnosed with autism. Many families afford the 60 thousand dollars per year treatments through the state's Medicaid plan; however, last year's passage of the One Big Beautiful Bill Act (OBBA) dramatically reduced federal funding to Medicaid programs. To manage strained budgets, state Medicaid agencies are deploying a variety of policies, including restricting access to ABA therapy services. In North Carolina, the state halved the number of hours children with autism can receive ABA therapy services and cut provider payments by 10%. Similarly, Nebraska cut ABA therapy payments in half and Colorado, Indiana, and other states are considering similar payment reductions. In addition to strained budgets, ABA therapy providers are under heightened scrutiny after state and federal audits in Indiana, Wisconsin, and Minnesota identified alleged improper payments.

To preserve access to the physician-recommended services, families, industry advocates, and service providers in North Carolina and Colorado sued their states. The suit in North Carolina alleges the state's policies unfairly discriminated against children with disabilities because their providers experiences the highest payment cuts. In early December, North Carolina reversed course, restoring ABA therapy payments to previous levels while expressing concern about budget constraints. The Colorado suit, which alleges that the rate cuts violate state and federal mental health parity laws such as the Mental Health Parity and Addiction Equity Act of 2008, remains to be resolved.

HHS Freezes Child Care Payments to All States

On January 5th, the Department of Health and Human Services (HHS) through the Administration for Children and Families (ACF) announced that it rescinded a series of Biden-era childcare rules to address fraudulent federal Child Care and Development Block Grant (CCDBG) activity, days after the administration announced a funding freeze to gather

"administrative data". The CCDBG is a 35-year-old program offering states federal funding to support low-income, working families afford childcare and support early childhood learning and development. The Biden-era rules required states to pay providers before they provided the care, based payments on enrollment numbers, and encouraged families to seek childcare from providers with a state contract. The new ACF policy restores attendance-based billing, allows states to pay childcare providers after care is delivered, and reinstates parent-directed vouchers. Furthermore, the ACF will impose additional verification requirements on states to demonstrate payments are not fraudulent. The changes come after a right-wing social media influencer claimed childcare facilities in Minnesota were committing fraud. On the other hand, childcare advocates argue pre-existing safeguards are regularly updated and protect the program's integrity. Approximately 1.4 million children and over 850 thousand families may experience disruptions in childcare services this month as states and communities navigate the change.

CDC Rolls Back Universal Childhood Vaccine Recommendations

On December 5th, President Trump issued a Presidential Memorandum directing the Secretary of the Department of Health and Human Services (HHS) and Acting Director of the Centers for Disease Control and Prevention (CDC) to review immunization schedules used by peer developed nations and update the U.S. childhood and adolescent immunization schedule to align with approaches deemed superior. On January 2nd, the CDC, Food and Drug Administration (FDA), National Institutes for Health (NIH), and Centers for Medicare and Medicaid Services (CMS) issued a joint comprehensive scientific assessment recommending that the U.S. reduce the number of diseases children are inoculated against from 17 down to 11, similar to Denmark's immunization schedule. The core childhood set will continue to include immunizations for diphtheria, tetanus, acellular pertussis (whooping cough), Haemophilus influenzae type b (Hib), pneumococcal conjugate, polio, measles, mumps, rubella, human papillomavirus (HPV), and varicella (chickenpox). Respiratory syncytial virus (RSV), hepatitis A, hepatitis B, dengue, meningococcal ACWY, and meningococcal B immunizations will be downgraded from the core set and instead will be administered to specific high-risk populations. Additionally, the assessment recommends shared decision-making between physicians and parents to determine the appropriateness of rotavirus, COVID-19, influenza, meningococcal, hepatitis A, and hepatitis B immunizations.

On January 5th, HHS —through the CDC—signed a decision memorandum (fact sheet) formally adopting the CDC, FDA, NIH, and CMS's recommendations to alter the U.S. childhood and adolescent immunization schedule. CDC Acting Director Jim O'Neill expressed his support for a more limited immunization schedule protecting children against "the most serious infectious diseases while improving clarity, adherence, and public confidence." Usually, the CDC solicits input from the CDC's Advisory Committee on Immunization Practices (ACIP) and formal public comments; however, neither ACIP nor the public were engaged prior to the recommendation's approval.

Since the CDC's announcement, the Vaccine Integrity Project, American Association of Pediatrics, and former CDC experts have condemned the approach, arguing that the U.S. vaccine schedule was developed specifically for the American population and that the changes may increase administrative burden for pediatricians and discourage parents from using demonstrably safe vaccines to protect their children against diseases. Additionally, Senator Bill Cassidy, Chairman of the Senate Health, Education, Labor, & Pensions Committee and a physician, said "Changing the pediatric vaccine schedule based on no scientific input on safety risks and little transparency will cause unnecessary fear for patients and doctors, and will make America sicker."

Administration officials confirmed that downgraded vaccines will continue to be covered under federal health insurance programs without cost; however, the new policy allows Marketplace and commercial plans to impose coverage restrictions for the 6 downgraded immunizations including prior authorization requirements, cost-sharing, or other utilization management tools.

HHS & DEA Extend Telemedicine Flexibilities for Prescribing Controlled Medication

On January 2nd, 2026, the Department of Health and Human Services (HHS) and the Drug Enforcement Administration (DEA) announced the fourth temporary extension of flexibilities allowing clinicians to prescribe controlled substances to patients via telehealth without a prior in-person visit. HHS and the DEA first introduced telemedicine prescribing flexibilities during the COVID-19 public health emergency to ensure patients could continue receiving services after in person businesses were closed. Since then, HHS and the DEA have extended the flexibilities four times to allow seniors, rural residents, people with disabilities, individuals receiving treatment for mental health conditions, and other Americans to continue receiving care without interruption through 2026. In the announcement, HHS Deputy Secretary Jim O'Neill indicated that HHS and the DEA are working together to finalize "permanent, commonsense policies." The announcement states that HHS and the DEA are finalizing permanent regulations including the Special Registration for Telemedicine and Limited State Telemedicine Restrictions proposed rule, which proposes to establish clear standards for telemedicine prescribing while preserving patient access, ensuring safety, and preventing misuse.

What's on Tap

Lawmakers returned to Capitol Hill this week following the holiday recess, where they will need to grapple will another looming government funding deadline of January 31st. To end the longest government shutdown in U.S. history, Congress agreed in November to fund the government through the end of this month. Democrats intend to leverage the funding deadline as another opportunity to seek an extension of the Affordable Care Act (ACA) enhanced premium tax credits (EPTCs), which expired at the end of December after several

failed attempts to pass an extension or alternative to the credits. In parallel, Republicans are sprinting to finalize the details of the remaining nine appropriations bills before the continuing resolution (CR) expires at the end of the month. If lawmakers are unable to pass all the spending bills, they will be forced to pass another CR – much to the dismay of the most GOP lawmakers.

Although the EPTCs expired at the end of December, a variety of lawmakers continue to push for a retroactive extension of the credits. Before adjourning for the holidays, four House Republicans joined a Democratic discharge petition to force a vote on a three-year extension of the credits after GOP leadership rejected an attempt by Rep. Fitzpatrick (R-PA) to hold a floor vote on the extension. Speaker Mike Johnson (R-LA) said he intends to hold the mandated vote this week. It is widely expected to pass the House and advance to the Senate, where it has the potential to reach the necessary 60-vote threshold. Some Republicans in the upper chamber have indicated they would support the proposal if a variety of guardrails are included in the extension including a ban on abortion services – likely a deal breaker for most Democrats. State health insurance specialists have said that while it would be challenging to implement a retroactive extension of the EPTCs, it is possible. More than 20 million people are expected to see their premiums almost double this year as a consequence of the EPTCs' expiration.

The Centers for Medicare and Medicaid Services (CMS) announced just before the holidays that the agency has at least 18 new positions, including for physicians, pharmacists, health insurance specialists, and senior supervisory officials. The job postings come after several rounds of reductions in force (RIFs) imposed by the White House, although CMS has so far been spared from the brunt of the layoffs. CMS' search for new staff comes on the heels of the release of a slew of new models from the agency's Innovation Center, including LEAD, GUARD, ACCESS and more. CMS also announced that all 50 states will receive awards under the Rural Health Transformation Program, with states receiving an average of $200 million in 2026. The program, which was authorized by the One Big Beautiful Bill Act (H.R.1), was allotted a total of 50 billion dollars to disperse among applicants over the next five years.

Upcoming Events

Senate

- In session: January 6-9

House

- In session: January 5-9
- Thursday, January 8th, 10:15am | House Energy & Commerce Committee Subcommittee on Health holds a hearing on Legislative Proposals to Support Patient Access to Medicare Services | 2123 Rayburn House Office Building