Special Needs Alliance:

Public Policy News You Can Use

June 29, 2026

Senate Considers Blocking Special Education Transfer

After last week's announcement that the Office of Special Education and Rehabilitative Services (OSERS) will be transferred out of the Department of Education and into the Department of Health and Human Services (HHS), disability advocates have continued speaking out about the concerning implications. The move is part of President Trump's broader effort to close the Department of Education, which is being accomplished through "interagency agreements" rather than Congressional approval.

More than 600 disability, civil rights, and education organizations have spoken out against the move, arguing it dismantles a carefully coordinated federal system and threatens decades of progress for students with disabilities. Advocates warn the transfers will create serious confusion for families, particularly around knowing where to file complaints or civil rights violations and whether the agencies handling them will understand how schools operate. There is also concern that routing civil rights complaints through the Justice Department, a law enforcement agency, could discourage families from coming forward at all, especially those from marginalized communities.

One member who seems to share these concerns is Senator Bill Cassidy (R-LA), Chairman of the Senate Health, Education, Labor, and Pensions Committee. Senator Cassidy recently lost his primary to a Trump-backed candidate and will not be seeking reelection. He announced that his committee will hold a vote in July to block the OSERS move to HHS, using a measure introduced by Senator Tim Kaine (D-VA). The Trump administration and the Secretary of Education have maintained that existing legal protections under the Individuals with Disabilities Education Act will remain intact and that families should experience no disruption.

Department of Justice Announces Largest to Date Health Care Fraud Enforcement Action

The Department of Justice (DOJ) announced criminal charges against 455 individuals, including 90 physicians and other licensed health care professionals, in what officials described as the largest health care fraud enforcement action in department history. Prosecutors allege the defendants participated in schemes involving more than $6.5 billion in fraudulent claims submitted to federal health programs and private insurers. The cases span a range of alleged misconduct, including Medicaid fraud, illegal kickbacks, opioid diversion, and billing for medically unnecessary services. There were more than $182 million in seized assets and enforcement actions against thousands of providers, including billing suspensions, revocations, and exclusions from federal health programs. The announcement highlighted several large-scale schemes involving wound care products, behavioral health services, and hospice care.

The enforcement action involved federal, state, and international partners and reflects a growing reliance on data analytics and cross-agency coordination to identify fraudulent billing patterns. CMS also is said to announce additional oversight measures aimed at strengthening program integrity and preventing improper payments before funds are disbursed.

House Democrats Outline Potential Oversight Targets in Trump Health Agenda

Democrats on the House Committee on Oversight and Government Reform released a 105-page report criticizing the Trump administration's health policies and outlining areas that could face heightened scrutiny if Democrats regain control of the House after the 2026 midterms. Led by Ranking Member Robert Garcia, the report draws on more than 80 interviews and 100 case studies to argue that cuts to research funding, staffing reductions across HHS, and increased political involvement in scientific decision-making have weakened the nation's public health infrastructure. The report specifically highlights disruptions to National Institutes of Health (NIH) grants, including HIV and chronic disease research, as well as workforce reductions at federal health agencies.

The report also criticizes changes to federal vaccine policy under HHS Secretary Robert F. Kennedy Jr., including revisions to vaccine recommendations and restructuring of the CDC's vaccine advisory process. Democrats argue the administration has undermined public confidence in vaccines and increased political influence over research funding and scientific communications. HHS pushed back on the report's findings, saying the department's policies are advancing the administration's "Make America Healthy Again" agenda and delivering significant public health reforms.

Health Subcommittee Advances 15 Bipartisan Healthcare Bills

On June 25th, the House Energy & Commerce Health Subcommittee held a markup in which they considered 15 bipartisan healthcare bills. The bills largely targeted addressing illicit drugs, increasing healthcare price transparency, and strengthening the oversight of prior authorization.

One of the most highly anticipated bills was the Lower Costs, More Transparency Act of 2026 (H.R. 9393), which would codify existing federal regulations around pricing transparency requirements for hospitals, health plans, and other providers. The committee also reviewed the Prior Authorization Accountability Act (H.R. 9396) which advances transparency around prior authorization practices by requiring the public reporting of approval and denial rates, appeal decisions, and AI use in commercial plans. Additional bills included the Expanding Community Access to Health Services Act (H.R. 8201), which would expand the list of required services by community health centers to include behavioral health services, and the HERO

Act (H.R.7994), which would create a grant program to provide opioid overdose reversal drugs to schools.

The bundle of bills reflect a desire to increase transparency, accountability, and affordability in the healthcare system, a pursuit shared by Democrats and Republicans on the Committee alike. All advanced out of the committee to the full Senate, most with strong bipartisan support.

Research Projects Substantial Healthcare Spending Growth Over Next Decade

New research published in Health Affairs projects national health spending to reach nearly $9.0 trillion in 2034, representing more than a fifth of the national gross domestic product (GDP). In 2024, domestic health care spending was $5.3 trillion (18.0% of GDP). By 2034, the researchers anticipate that health care spending will reach $9.0 trillion (20.6% of GDP), representing a $3.7 trillion (2.6% GDP) increase in spending. The spending increase is driven by higher utilization of medical services, high demand for expensive prescription drugs, and demographic trends. Although key provisions of the One Big Beautiful Bill Act (H.R.1) are expected to reduce health care spending by moderating Medicaid spending growth and decreasing the number of people with health insurance over the next ten years, aggregate spending on medical goods and services are expected to outpace these savings. The researchers encouraged policy makers to explore options to address financing challenges while considering goals related to technological advancements, improved population health, and the benefit of health insurance coverage.

President Nominates Chis Klomp as HHS No. 2

Last week, President Trump nominated Chris Klomp to be Deputy Secretary of the Department of Health and Human Services (HHS) while apparently retaining his role as the Deputy Administrator of the Centers for Medicare and Medicaid Services (CMS) and Director of the Center for Medicare. In addition to serving in the CMS, Klomp has also served as a Chief Counselor to HHS Secretary Robert F Kennedy (RFK) Jr. since April 2025. Deputy Administrator Klomp has been credited for negotiating lower drug prices with 17 manufacturers under the President's Most Favored Nations (MFN) initiative. Klomp has also been instrumental in major HHS leadership changes including the decision to oust Food and Drug Administration (FDA) Commissioner Marty Makary, proposing Erica Schwartz as the nominee for the Director of the Centers for Disease Control and Prevention (CDC), and filling other senior roles at the CDC including the Chief Operating Officer, Chief Medical Officer, and Principle Deputy Commissioner.

Prior to his work in the second Trump administration, Klomp has been involved with multiple health technology companies including a real-time care notification platform, a health care payment platform, and a telehealth company specializing in fertility. Additionally, Klomp supported President Trump in his first term as an advisor to the President's response to COVID-19.

In public engagements, Klomp presents as intelligent, competent, disciplined, and strongly aligned with the President's agenda. Some Democratic Senate aides claim that Klomp's role as HHS Chief Counselor is to "babysit" RFK Jr. To assume the role as HHS Deputy Secretary, Klomp must undergo nomination hearings in the Senate Finance Committee (SFC) and likely the subcommittee on Health. To achieve the nomination, Klomp must successfully navigate a fractured Republican party who has struggled to push presidential nominations through with their slim majority. Notably, the SFC Subcommittee on Health is chaired by Senator Bill Cassidy (R-LA) who recently lost his primary election to a Trump-backed Republican opponent. On the full Committee, Senator John Corynyn (R-TX) also lost his primary to a Trump-backed challenger and Senator Thom Tillis (R-NC) elected to retire at the end of the current Congressional session due to disagreements with the President.

What's on Tap

While the Senate is already in recess through the end of next week for the Fourth of July holiday, Speaker Mike Johnson (R-LA) has set an ambitious agenda for the House before it adjourns on Friday. The busy House schedule follows a stalemate in the chamber last week when some hardline conservatives threatened to block any floor activity unless the Senate passed the Trump-backed Safeguard American Voter Eligibility (SAVE) Act. Speaker Johnson has attempted to appease these members by folding components of the SAVE Act into a third reconciliation package, which also appears to be delayed. House Republicans were aiming to advance the framework of the third reconciliation package before heading home this weekend for the holiday, a timeline that is looking increasingly unrealistic. After returning from the upcoming recess, the House will have only two working weeks before the August recess, providing limited time to advance a myriad legislative priorities before the midterm elections.

Simultaneously, Republicans in both chambers have continued working on advancing fiscal year (FY) 2027 funding legislation despite limited progress being made, particularly in the Senate. The House has already passed two FY2027 appropriations bills, one funding the Department of Veterans Affairs and the other supporting agriculture, rural development, and the Food and Drug Administration (FDA). The House Appropriations Committee has also marked up and approved several other bills including one to fund the Department of Health and Human Services (HHS).

On the Senate side, appropriations discussions have been significantly less productive. A meeting between Senate Republicans and Democrats on topline spending figures, a necessary step to advance the first four of the twelve appropriations bills, has been postponed till after the July 4th recess due to Senator McConnell's (R-KY) continued absence.

With the stalemate in the Senate likely to persist, many believe Congress will pass another continuing resolution this fall, especially with the elections quickly approaching.

Beyond funding talks, health care fraud continued to take center stage in Congress. The House Energy and Commerce Oversight Subcommittee held a hearing with the Medicaid directors of Minnesota, California, New York, and Ohio. The hearing follows months of heightened scrutiny from the Centers for Medicare and Medicaid Services (CMS) on state Medicaid programs, with the agency deferring $1.3 billion in federal Medicaid dollars to California just last month. Healthcare fraud has emerged as major priority of this administration, which announced the takedown of 455 defendants across the country, amounting to more than $6.5 billion in false claims.

Upcoming Events

Senate

- Out of Session

House

- In Session, June 29-July 2
- Tuesday, June 30 10:15AM | House Veterans' Affairs Health Subcommittee holds a hearing on several pieces of legislation | 360 Cannon House Office Building
- Wednesday, July 1 10:15AM | House Committee on Education & Workforce HELP Subcommittee holds a hearing on Direct Contracting: A Prescription for Lower Health Care Costs | 2175 Rayburn House Office Building