Special Needs Alliance:

Public Policy News You Can Use

November 24, 2025

Trump Accelerates Dismantling the Education Department

On November 18th, the Education Department handed off some of its largest grant programs totaling billions of dollars to other federal agencies to progress President Trump's plans to shut down the department. The Department of State will oversee grant programs for foreign languages and international education. Indian education programs will be administered by the Department of the Interior. And the Department of Health and Human Services (HHS) will manage grant programs for parents attending college and the management of foreign medical school accreditation.

The Office of Postsecondary Education's institution-based grants and Office of Elementary and Secondary Education grants will be overseen by the Department of Labor. This gives the Department of Labor responsibility for the largest federal funding streams for K-12 schools, including Title I money for schools serving low-income communities. Earlier this year, the Department of Labor took control of federal career, technical, and adult education funds. Since the switch, critics claim that a combination of technical problems, communication lapses, bureaucratic hurdles, and minimal preparation affected the process of distributing 1.4 billion dollars in programming for career and technical education initiatives.

Department of Education officials claim their latest reassignments are legally sound and will make programs more efficient. But opponents say the plan could disrupt programs that support some of the nation's most vulnerable student populations and that other branches of the administration don't have the expertise necessary to managing school and family cases.

As a part of the most recent agreement, some employees will remain working on the same programs but be transferred to the appropriate department. When President Trump re-entered the White House, the Department of Education had over 4,000 employees; today, the department has about 2,700 remaining.

The recent changes do not impact the management of special education, civil rights enforcement, or student financial aid programs; however, senior officials indicated they are exploring reassignment options for these programs.

CMS Releases New Guidance Tightening Medicaid Provider Tax Rules

The Centers for Medicare & Medicaid Services (CMS) issued new guidance outlining how states must comply with major Medicaid financing changes enacted in the One Big Beautiful Bill Act. The guidance will sharply limit states' use of Medicaid provider taxes, a financing mechanism that has long allowed states to draw down additional federal funds. CMS estimates the reforms will save more than $200 billion over the next decade by stopping states from expanding these practices.

The most important implication for states is that the new hold-harmless thresholds will effectively freeze provider taxes at 2025 levels and force states that have expanded Medicaid to reduce existing provider taxes over time. CMS explains that only taxes that were fully enacted in state law and already being collected as of July 4, 2025, can remain in effect. As a result, states cannot create new provider taxes or increase existing ones. Beginning in fiscal year 2028, the hold harmless thresholds for expansion states will gradually decrease over a period of five years, ultimately forcing these states to reduce existing provider taxes.

CMS also clarified how the law closes a longstanding loophole involving tax structures that increased federal matching funds. Under Section 7117, states will no longer be allowed to design taxes that disproportionately burden Medicaid services or Medicaid-heavy providers. Taxes that impose higher rates on providers caring for Medicaid patients will be considered noncompliant. This prevents states from drawing down additional federal Medicaid funds through such taxes.

Taxes applied to managed care organizations must meet the new requirements by the end of the state fiscal year ending in 2026, while all other provider taxes must comply by the end of the state fiscal year ending in 2028 or by October 1, 2028, whichever comes first.

CMS Publishes New Website with Resources for Medicaid Agencies Implementing H.R. 1 Provisions

The Centers for Medicare & Medicaid Services (CMS) recently published a new website to help states prepare for the implementation of several Medicaid-related provisions included in H.R. 1. The new website offers states and stakeholders a consolidated overview of key policy changes affecting eligibility, program integrity, financing, and provider-tax requirements for Medicaid and CHIP. Specifically, the site providers an overview of H.R. 1's Medicaid provisions and accompanying summaries, information on the Rural Health Transformation Fund (RHTF), and insight into the forthcoming changes to Medicaid state directed payments and provider taxes. These updates underscore the federal government's commitment to ensuring that provider taxes and federal matching funds are used appropriately.

In effect, the resource website aims to serve as the authoritative roadmap for how CMS will interpret, implement, and enforce the Medicaid and CHIP provisions found in H.R. 1.

Senate Finance Committee Holds Hearing on Healthcare Affordability, ACA Subsidies, and PBM Oversight

The Senate Finance Committee held a hearing last week on The Rising Cost of Health Care:

Considering Meaningful Solutions for all Americans. The hearing was held in the context of the expiring Affordable Care Act (ACA) tax subsidies – set to lapse at the end of this year. Committee members heard from three policy experts: Douglas Holtz-Eakin of the American Action Forum, Jason Levitis of the Urban Institute, and Brian Blase of the Paragon Health Institute and a stakeholder who relies on ACA subsidies to purchase their coverage through the ACA Marketplace. Despite the intended focus on healthcare affordability and the expiring subsidies, much of the discourse was focused on reaffirming efforts to increase oversight of pharmacy benefit managers (PBMs). Committee Chairman Mike Crapo (R-ID) and Ranking Member Ron Wyden (D-OR) announced plans to reintroduce a PBM oversight bill soon, though its path remains uncertain amid broader fights over health care affordability, ACA subsidies, and recent Medicaid cuts. While both parties support stronger PBM oversight, past attempts at reigning in PBM practices have collapsed under political pressure and Democrats are unlikely to back a package without restoring the ACA subsidies. The measure may ultimately be tied to a must-pass funding bill that is expected at the end of January – when the recently passed continuing resolution is set to expire.

What's on Tap

Since the end of the 54-day federal government shutdown, Congress has focused heavily on rising health care costs and whether to extend expiring Affordable Care Act (ACA) Advanced Premium Tax Credits (APTCs). Congressional Republicans hold a wide array of stances on the future of the APTCs, with some calling for the end of the ACA APTCs altogether; instead, they are in favor of expanding Health Savings Accounts to provide individuals with tax advantages to directly pay for their care. Further, some vulnerable incumbents and moderates are open to banding with Democrats to extend the APTCs with additional income limitations. In an effort to unite the party, the White House is expected to announce a proposal this week to extend the APTCs for two years that will include additional income caps and other new incentives for ACA marketplace enrollees. All the while, Democrats have remained steadfast in their support of a three-year extension of the ACA APTCs.

Last week, the Centers for Medicare and Medicaid Services (CMS) released guidance to states on the implementation of the One Big Beautiful Bill Act (OBBBA). CMS outlined restrictions to Medicaid provider taxes, a financing mechanism that allowed states to draw down additional federal funds. In the guidance, CMS shared that only taxes that were fully enacted in state law and already beginning to be collected as of July 4, 2025 can remain in effect, effectively freezing provider taxes at 2025 levels. Later in the week, CMS published a new website designed to help states prepare for the implementation of Medicaid provisions in OBBBA, providing an authoritative roadmap for how CMS will interpret, implement, and enforce the Medicaid and CHIP provisions.

On Friday, CMS released the Calendar Year (CY) 2026 Hospital Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center Final Rule and fact sheet. The final rule will increase hospital outpatient department payment by 2.6% in 2026 and includes provisions that promote hospital price transparency, in alignment with President Trump's

Executive Order Making America Healthy Again by Empowering Patients with Clear, Accurate, and Actionable Healthcare Pricing Information.

Upcoming Events

Senate

- Out of Session

House

- Out of Session

Events and Congressional activity will resume when lawmakers return to Washington, D.C. in early December.