FAMILIESUSA
THE VOICE FOR HEALTH CARE CONSUMERS

July 13, 2026

The Honorable Robert F. Kennedy, Jr.
Secretary
Department of Health and Human Services
200 Independence Ave. SW
Washington, DC 20201

The Honorable Russell Vought
Director
Office of Management and Budget
727 17th St. NW
Washington, DC 20503

Submitted electronically via regulations.gov

Re: Comments on Regulation for Federal Financial Assistance, OMB-2026-0034, 91 FR 32198 (May 29, 2026)

Dear Secretary Kennedy and Director Vought:

As the longtime national, non-partisan organization representing health care consumers, Families USA appreciates the opportunity to weigh in on the proposed Regulation for Federal Financial Assistance, which would rewrite the ground rules for how the federal government funds health care research, safety-net services, and public health programs nationwide. **Families USA urges the Office of Management and Budget (OMB) and the Department of Health and Human Services (HHS) to withdraw this proposed rule in its entirety.**

This proposed rule would impact roughly $1.1 trillion in federal funding every year,[i] spread across more than 40 agencies and impacting financial resources that keep community health centers open, clinical trials running, and that support programs that improve health for mothers and children, older Americans, veterans, and people living with chronic and infectious disease, among many others.[ii] Particularly given its broad scope, a proposal that introduces ambiguity and asserts political and ideological preferences into federal grant review processes only serves to undermine the ability of federal agencies to establish and administer programs and services that meet the needs of the American people. When a rule this consequential confers agencies with broad new discretion to assert ideological preferences into the grantmaking process, it is the communities, patients, workers and businesses who depend on that funding who pay the price, all while federal agencies fail to meet their statutory mandates.

We focus our comments on four provisions of the proposed rule: §200.205 (merit review), §200.300 (statutory and national policy requirements), §200.340 (termination and suspension), and §200.477 (abortion).

1. Section 200.205 - Federal Agency Review of Merit of Proposals

Families USA strongly opposes Section 200.205, which would require senior political appointees to conduct "pre-issuance reviews" of discretionary grant applications and reject proposals that do not "demonstrably advance the President's policy priorities," including by prohibiting funding for programs that support racial equity, gender inclusion, or services for undocumented immigrants. If finalized, this proposal would require political appointees without relevant expertise to review grant applications that have already been evaluated by independent experts on their merits and reject any application that doesn't advance an undefined set of presidential priorities – priorities that could dramatically shift every four years creating further instability and uncertainty across critical programs.[iii] Compounding this concern, the proposed rule contains no requirement that applicants be notified when their proposals are rejected, nor any requirement that agencies disclose the reason for rejection.[iv]

Subjecting federal financial decisions to the political agenda of any administration is not only a departure from best practices for awarding federal grants but also sets a dangerous precedent for eliminating access to critical programs and services the American people rely on solely based on individual opinions and preferences rather than established standards of care, best practices and evidence-based programming. Research and public health funding should go to the strongest, most promising and science-based proposals, not the ones that happen to align with a political ideology.

The long list of successful federally-funded health programs that could be negatively impacted by this politicized approach to grant review and approval includes an array of programs with proven track records in reducing health disparities for people of color – including Black, Indigenous, Hispanic, Asian and other **people of color;** women; and people living in rural areas, such as:

- **Health Center Program, authorized under Section 330 of the Public Health Service Act**[v] — Federally qualified health centers, also known as Community Health Centers, are located in medically underserved areas and disproportionately serve Black, Latino, Indigenous, and other patients of color who face higher uninsurance rates and higher incidences of chronic illness.[vi,vii]
- **Rural Health Care Services Outreach Program**[viii] — Funds care delivery models that reach populations in rural counties with long travel distances to a provider, closing gaps in primary and preventive care utilization, including for American Indians and Alaska Natives.
- **National Health Service Corps**[ix] — Places clinicians in counties with the most severe primary care shortages, which disproportionately overlaps with communities of color and low-income rural and urban areas, directly increasing health care access where racial health disparities are most acute.
- **Title V Maternal and Child Health Services Block Grant**[x] — Funds prenatal and postpartum care programs in states with the highest maternal mortality and infant mortality rates, targeting the specific regions where these outcomes are worst. Black and Native American women face maternal morbidity and mortality rates several times higher than white women.[xi, xii]
- **Supportive Services for Veteran Families**[xiii] — Funds rapid rehousing and homelessness prevention for veteran households, targeting the subgroups (including women veterans and single-parent veteran households)[xiv] with fast-growing homelessness rates. Black veterans are overrepresented among the homeless veteran population.[xv]
- **Ryan White HIV/AIDS Program**[xvi] — Funds core medical and support services in the metropolitan areas and populations with the highest HIV incidence rates, directly targeting where new infections are concentrated.

In addition, Section 200.205's shift toward unreviewable political control over grant decisions cuts against the legal framework meant to keep federal funding decisions insulated from politics. The Administrative Procedure Act requires that agency action not be 'arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law,' and Congress has written that same commitment to merit over politics directly into the statutes governing much of the funding this rule touches, from the Civil Service Reform Act of 1978's merit system principles to program-specific peer-review mandates like the National Institutes of Health's requirement, under 42 U.S.C. § 289a, that grant awards rest on independent technical and scientific review rather than political preference. **As a result, Families USA opposes this proposal and urges HHS and OMB to withdraw it entirely.**

2. Section 200.300 - Statutory and National Policy Requirements

Families USA strongly opposes section 200.300 which would prohibit federal agencies and pass-through entities from using federal grants to "fund, promote, encourage, subsidize, or facilitate (1) diversity, equity, inclusion and accessibility, (2) gender ideology; and/or (3) the gender transition of a person under age 19.[xvii] If implemented, this proposal would directly undermine the decades of research, program development and implementation, and the delivery or services specifically designed to improve health and reduce disparities in health outcomes for our nation's families, particularly for historically underserved communities.

Effective stewardship of federal dollars requires that grant investments be targeted based on evidence of need and impact. For example, the United States faces a well-documented Black maternal health crisis, persistent racial-ethnic disparities in chronic disease burden, and historical gaps in access to care across racial, geographic, and income lines.[xviii] Responsible grantmaking demands that we acknowledge these realities and direct resources accordingly. Conversely, banning considerations of diversity and equity imperils lifesaving programs like the NIH's Cure Sickle Cell Initiative, which funds research into a disease that disproportionately affects Black Americans and touches an estimated 100,000 people nationwide.[xix] It would also jeopardize the federal government's longstanding history of support for Federally Qualified Health Centers and other community based providers that are on the frontlines of combatting some of our nation's biggest health care crises including opioid addiction, behavioral health challenges, and the maternal and infant mortality crisis that disproportionally affects black and brown communities.[xx] This proposed rule would not only risk the progress we've made in implementing evidence-based solutions to address these crises but it also would eliminate critical financial support for the very health care providers and systems that serve as the bedrock of our health care system. Federal financial resources are essential in the effort to make *all* people who live our country healthy including Black, Indigenous, and people of color as well as LGBTQ people and families**.**

Section 200.300 would also prohibit funding related to "gender ideology" and restrict access to medically necessary, evidence-based health care for transgender youth. This flies in the face of science-based recommendations from leading experts in the fields of pediatric medicine and transgender health, including the American Academy for Pediatrics (AAP) and the American Medical Association (AMA), who continue to confirm that gender-affirming care, when provided through individualized assessment and shared decision making, is medically necessary and appropriate. The AAP has long supported gender-affirming care for people under the age of 19, citing that adolescents who identify as transgender have

high rates of depression, anxiety, and suicide and that gender affirming care, especially in partnership with a specialized gender-affirmative provider and support from family, can reduce stigma, address mental health issues, and reinforce a young person's resiliency.[xxi] Care provided to transgender individuals is life-saving care, and excluding federal grants from supporting this type of care will have grave and costly impacts on the health and wellbeing of young Americans. **As a result, Families USA strongly opposes this provision and urges OMB and HHS to withdraw this proposed rule.**

3. Section 200.340 — Termination and Suspension

Families USA strongly opposes the proposed changes in § 200.340 that would significantly expand agency authority to unilaterally suspend and terminate federal grant dollars. This rule would let agencies terminate a grant any time it "no longer advances agency priorities or the national interest" — a standard so broad it could apply at any point in an award's life, including in the middle of a clinical trial.[xxii] Giving HHS and OMB broad authority to end grants with no notice is a major departure from the longstanding federal administrative grant processes that federal grantees have built entire administrative systems of compliance around to adhere to federal rules. Overhauling these rules at the scope and scale proposed in this rule stands to cause chaos and disrupt the operations of hundreds of programs, clinical trials and other essential services funded through federal grants.

For people actively participating in clinical trials, as well as the millions of Americans awaiting new treatments and cures for some of the most devastating and debilitating conditions — including Alzheimer's disease, ALS, Parkinson's disease, multiple sclerosis, pancreatic cancer, and glioblastoma — having a clinical trial suspended or terminated without cause or notice can be the literal difference between life and death. Further, by introducing uncertainty over the sustainability of federal dollars that support these efforts, the proposed rule could have a massive chilling effect on the willingness and ability of research and medical institutions to invest in long-term projects that are necessary to develop and test treatment protocols.

This proposed broad authority to end grant programs without notice also threatens the current financial viability of the very health care providers and community-based organizations that our health care system and the American people rely on for existing treatments. Take for example, community health centers which rely on roughly $2 billion a year in federal funding to keep their doors open,[xxiii] including for the one in three rural Americans who count on a health center as their only real access point to care.[xxiv] Even the threat of pulling their grant funding without warning destabilizes these frontline health care providers and undermines their ability to plan or be ready to absorb such significant financial shortfalls. That lack of predictability in sustainable funding is a direct threat to their ability to recruit and retain workers and to keep their doors open to provide critical health care services to the American people. **As a result, we urge OMB and HHS to withdraw this proposal.**

4. Section 200.477 — Abortion

Families USA strongly opposes the proposal to bar federal funding for "costs associated with" elective abortions unless expressly authorized by federal law. Section 200.477 would block funding for "costs associated with abortion" across every agency this rule touches without defining what that phrase

means.[xxv] If implemented, this rule would significantly expand longstanding federal funding restrictions beyond the limits established by Congress,[xxvi] creating broad uncertainty for federal grantees and threatening access to comprehensive health care services.

By using expansive and undefined framing for "costs associated with abortion," the proposed rule creates ambiguity that risks discouraging providers, community-based organizations and public health programs from delivering lawful, evidence-based care, counseling, referrals, patient education and administrative activities for fear of jeopardizing federal funding. Federal grant regulations should promote clarity, accountability and effective stewardship of taxpayer resources – not create uncertainty that undermines access to care or extends executive authority beyond restrictions enacted by Congress.

Consider the nearly 4,000 Title X service sites where federal funding is used to provide critical reproductive health care services to nearly 3 million people in the country.[xxvii] This proposed rule would obscure what was previously clear: under federal rules, grantees cannot use federal Title X dollars to pay for abortion care. By introducing ambiguous terms to blur the lines and expand what is and is not allowable under federal funding, this proposal risks confusing grantees, chilling program participation, and ultimately restricting access to the very services Congress has authorized.

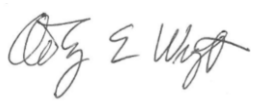
By imposing a sweeping regulatory prohibition application across federal financial assistance programs, the proposed rule risks overriding specific program statutory frameworks and substituting executive policy preferences for congressional judgment. **As a result, Families USA strongly opposes this provision and urges OMB and HHS to withdraw this proposed rule.**

Conclusion

We share OMB's stated goal of making sure federal dollars are well spent. But the provisions in this rule don't achieve that aim. Instead, they replace clear standards with vague ones, hand agencies more discretion with less accountability, and put life-changing research and care at risk before its value can even be proven. We urge OMB and HHS to withdraw this rule.

Thank you for considering these comments. We're happy to provide more detail on anything raised here. For questions regarding the recommendations in this letter, please contact Naomi Fener, Director of Population Health at Families USA at nfener@familiesusa.org.

Sincerely,



Anthony Wright
Executive Director

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