



Around the world of US healthcare in 360 words or less



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Editor's note

[This series](#) is produced by KPMG Healthcare and is intended to be short and succinct, less than 360 words, to provide a weekly digestible bite of healthcare regulatory, policy, and industry news relevant to our clients. Links are provided to source material (proposed and final regulations, agency guidance and press releases, reports, research, etc.) when available. Please share this email with colleagues and other interested individuals, and encourage them to [subscribe to our mailing list here](#).

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Healthcare regulatory news

FDA is launching a new initiative, [READI-Home](#), to encourage the development of home-health medical devices that can help reduce hospital readmission rates. Through this initiative, nine selected device developers will receive dedicated FDA support and the potential for a breakthrough device designation to bring their innovations to market faster.

CMS [issued](#) guidance to help states implement new restrictions on federal Medicaid and CHIP funding for certain noncitizens, beginning October 1, 2026, as a result of certain provisions in [H.R.1](#). The [State Health Official letter](#) provides states with operational guidance on eligibility systems, applications, verification, and claims processing.

The Trump administration [abandoned](#) its 14-month legal battle to impose a 15% cap on the reimbursement of indirect costs for NIH-funded research. This cap would have resulted in a significant decrease in operating costs that research institutions rely on for things like facility maintenance and staff salaries.



Healthcare law and policy news

The White House's proposed fiscal 2027 [budget](#) calls for a 12.5% funding cut to HHS, a decrease of \$15.8B from the previous year. Key elements of the proposal [include](#) moving the 340B Drug Pricing Program under CMS and making funding cuts to several other health agencies.

A federal judge has temporarily [nullified](#) a 2013 HRSA policy restricting 340B hospitals from using group purchasing organizations to acquire covered outpatient drugs. The decision was made on procedural grounds, stating that the policy was implemented without proper explanation, and it leaves the possibility for HRSA to reimplement the restriction if correct administrative procedures are followed.

A [coalition](#) of nearly 50 health insurance companies, including UnitedHealthcare, Aetna, and Cigna, has reportedly decreased prior authorizations by 11% compared to 2024 levels, with MA-related authorizations seeing a 15% drop. This reduction, led by the Blue Cross Blue Shield Association and AHIP, applies to various medical services but excludes prescription medications.

A [surge](#) in demand for estrogen patches, spurred by FDA's recent endorsement and the removal of a long-standing safety warning, has strained supplies and created a shortage. This has left patients struggling to find the medication, forcing them to switch pharmacies and change dosages, while manufacturers warn that production complexities may prolong the scarcity for several years.



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