National Employers Association

The NEA Monthly Lobbyist Report for Members

NEA March 2025 Federal Policy Report

I. Work on the Hill

As March comes to an end, Republican leadership in Congress spent this month advancing an ambitious fiscal agenda through the budget reconciliation process. In mid-February, the House Budget Committee approved a FY2025 budget resolution on a party-line vote, launching this effort. The resolution instructs House committees to draft legislation achieving up to $2 trillion in spending cuts as offsets for roughly $4.5 trillion in tax cuts over the next decade. This framework would permit increasing the deficit by about $3.3 trillion while using reconciliation to sidestep Senate filibusters. Major savings targets include $880 billion from programs under the Energy & Commerce Committee (e.g., Medicaid), a point of contention as hospitals and advocates warn against deep Medicaid cuts. Republican leaders aim to unite their caucus around this plan despite concerns from Democrats (and some moderates) about its impact on social programs. Notably, any final budget will also need to address the debt ceiling by this summer – the debt limit reset in January and is projected to become binding as early as August 2025 if not suspended or raised.

House Budget Committee members debate the FY2025 budget resolution as part of Republicans' plan to use reconciliation for tax cuts. In mid-February, the committee approved the budget blueprint with instructions for steep spending cuts and major tax reductions. By March, GOP leaders were pushing to advance this plan through both chambers to enable a reconciliation bill, despite concerns over the potential $3.3 trillion deficit impact. This party-line budget measure lays the groundwork for implementing President Trump's economic agenda without Democratic support.

Meanwhile, Congress acted to avert a government shutdown in March. On March 15, President Trump signed a full-year continuing resolution (H.R. 1968) extending federal funding through S eptember 30, 2025. This "full-year CR" passed the House on March 11 (217-213) and cleared the Senate by March 14, preventing a mid-March shutdown. The stopgap measure maintains FY2024 spending levels for the rest of FY2025 and includes extensions for certain expiring programs (such as community health centers and other Medicare/Medicaid health care extend ers) through the end of the fiscal year. With appropriations effectively on autopilot, GOP lead ers can now focus on crafting the omnibus budget reconciliation package to advance their tax and regulatory priorities later this year. The coming months will be pivotal as House committe es translate the budget instructions into legislation and as negotiations unfold with the Senate, which is charting its own course on spending and revenues. Lawmakers must navigate these budget and reconciliation challenges even as they turn their attention toward the next fiscal ye ar's appropriations process.

II. Meetings & Hill Outreach

On March 20, Lobbyit (on behalf of NEA) met with Jack Ganter, Legislative Director for Rep. Buddy Carter (R-GA), to deliver a letter of support for H.R. 379, the *Healthcare Freedom and Choice Act*. This legislation, introduced by Rep. Carter in January, would nullify the Biden Administration's 2024 rule limiting short-term, limited-duration insurance (STLDI) plans to four months, restoring the previous allowance of coverage up to 36 months. Emphasized support for healthcare flexibility and consumer choice, aligning with the bill's aim to expand affordable short-term health insurance options for individuals and small businesses. Carter – who serves as Chairman of the House Energy & Commerce Health Subcommittee – has made this a priority in the new Congress. He and other Republicans argue that reversing the STLDI restrictions will increase health coverage options and lower costs for Americans between jobs or without employer insurance. The bill enjoys broad conservative support: it was co-sponsored by several House GOP leaders and has backing from influential outside groups like the National Federation of Independent Business (NFIB), Americans for Prosperity, and Heritage Action.

During the March 20 meeting, conveyed the importance of H.R. 379 to employers who want more affordable insurance choices for their workers. We discussed strategy with Rep. Carter's office, noting that House Energy & Commerce Committee approval will be the critical next step for the bill. Following this discussion, planning follow-up outreach to other members of the Energy & Commerce Committee – especially majority members on the Health Subcommittee – to build support for H.R. 379 as it moves through the legislative process. With Republicans unified in favor of deregulating short-term health plans, the advocacy is focused on urging committee leaders to schedule a hearing or markup on the bill. In addition to the STLDI effort, the government affairs team remained engaged with lawmakers on a range of priorities, from small business development to labor policy.

III. Congressional Update

Healthcare and Insurance Legislation

Several key health policy bills relevant to NEA's mission saw activity early this year. H.R. 379, the Healthcare Freedom and Choice Act, was introduced on January 14, 2025, by Rep. Buddy Carter and a group of House Republicans. As noted, this bill would roll back limits on short-term health insurance plans, effectively reinstating the Trump-era policy of allowing up to 36-month STLDI coverage. The bill has been referred to the Energy and Commerce Committee. Given the GOP majority's support for expanding consumer choice in healthcare, H.R. 379 is a strong candidate for inclusion in any broader health package or for standalone consideration. We will monitor its progress closely (see Section II above for direct advocacy on this issue).

Another bipartisan effort addresses the healthcare workforce shortage, tying into NEA's labor development priorities. H.R. 935, the Health Care Workforce Innovation Act of 2025, was introduced on February 4 by Rep. Andrew Garbarino (R-NY) with Reps. Kim Schrier (D-WA), David Valadao (R-CA), and Angie Craig (D-MN) as co-leads. This bill would create a new grant program within HRSA to foster partnerships between Community Health Centers (CHCs) and local educational institutions (such as high schools, community colleges, and vocational programs) to train and retain allied health professionals. In practical terms, H.R. 935 aims to build a pipeline of healthcare workers (medical assistants, technicians, behavioral health specialists, etc.) in underserved and rural areas by connecting CHCs with homegrown talent.

By expanding community-based training opportunities, it seeks to alleviate staffing shortages that challenge health providers. This approach will not only improve healthcare access but also create job opportunities and workforce development in local communities. The bill has garnered bipartisan support, reflecting a shared interest in strengthening the healthcare workforce; it has been referred to the Energy & Commerce Committee and enjoys backing from health center advocates.

Prescription Drug Costs and PBM Reform
Congress is also revisiting prescription drug pricing, an issue that affects national employers' health benefit costs. The House Energy & Commerce Committee signaled renewed bipartisan interest in pharmacy benefit manager (PBM) reform this quarter. On February 26, the E&C Health Subcommittee held a hearing entitled *"An Examination of How Reining in PBMs Will Drive Competition and Lower Costs for Patients."* Lawmakers from both parties scrutinized PBM practices – such as spread pricing and rebates – that have been blamed for driving up drug costs. Notably, in the last Congress a bipartisan compromise to regulate PBMs nearly passed (it was originally packaged into a larger end-of-year bill) but stalled after opposition from then-President Trump and others. Now with one-party control in Washington, Republicans and Democrats alike see an opportunity to finally address PBM transparency and accountability. Subcommittee leaders Rep. Brett Guthrie (R-KY) and Rep. Buddy Carter (R-GA) indicated an interest in moving PBM reforms, potentially as part of the budget reconciliation's savings targets (since curbing PBM middlemen could save federal health programs money).

However, there is debate over how any savings from PBM reform should be used – Republicans have floated using them to offset tax cuts, which some Democrats warn could politicize what should be a cooperative policy area. The hearing underscored that PBM reform remains a priority; we anticipate legislation will be crafted in the coming months. Large employers and their health plans could be directly impacted by changes to PBM regulation (for example, more transparency in drug pricing negotiations). We support efforts that lower prescription drug costs but will caution against measures that might inadvertently raise costs for employer-sponsored plans.

Labor and Business Legislation
On the labor front, Democrats reintroduced their signature union organizing bill, the Protecting the Right to Organize (PRO) Act, even though it faces an uphill path in the GOP-controlled House. On March 7, a bipartisan pair of legislators – Rep. Bobby Scott (D-VA) and Rep. Brian Fitzpatrick (R-PA) – introduced the PRO Act of 2025 (H.R. 20 in the House, with a companion S. 852 by Sen. Bernie Sanders in the Senate). This comprehensive labor reform bill would

strengthen workers' rights to organize and collectively bargain, impose tougher penalties on employers who violate labor laws, and curtail practices like classifying employees as independent contractors to avoid unions. The PRO Act is strongly supported by labor unions and was celebrated by organizations like the AFL-CIO upon its reintroduction.

However, many in the employer community remain concerned about the PRO Act's potential impact on businesses – especially small businesses and franchises – as it could introduce new legal liabilities and costs. The National Federation of Independent Business (NFIB) has publicly opposed the PRO Act, arguing it would "significantly harm small businesses" by undermining the flexible labor arrangements many rely on. Given the current House majority, it is unlikely the PRO Act will advance in this Congress. Nonetheless, its reintroduction keeps the debate over labor policy in the news, and provisions of the PRO Act could appear in executive actions or state laws.

In positive news for small business development, the House Committee on Small Business advanced a slate of bipartisan bills in March aimed at supporting entrepreneurs. On March 5, Chairman Roger Williams (R-TX) led the Small Business Committee in reporting seven bills unanimously out of committee. These bills address a variety of issues to help small firms succeed. For example, H.R. 1642, the Connecting Small Businesses with Career and Technical Education Graduates Act, would leverage Small Business Development Centers to help small employers hire local CTE program graduates and assist young vocational graduates in starting businesses.

Another measure, H.R. 789, the Transparency and Predictability in Small Business Opportunities Act, would require federal agencies to be more transparent when they cancel small business contract solicitations and help affected firms find alternative opportunities. Each of the seven bills passed the committee by a 25-0 vote, reflecting a rare bipartisan consensus. These proposals align with the goals of workforce development and reducing bureaucratic barriers for businesses. As they move to the House floor, we will work to encourage the Senate to take them up, potentially as part of a larger small business package.

Additionally, we are keeping watch on any federal tax legislation that could impact national employers – for instance, bills to make permanent the 2017 tax cuts or to provide incentives for small business growth. Such tax measures are expected to be folded into the later reconciliation bill rather than moved separately. We will report in future updates as details of the tax package emerge.

IV. Policy Update

HHS Leadership and Workforce Changes

The Department of Health and Human Services is undergoing significant internal changes under the new administration, which carry implications for health programs and services. The Trump administration has continued a major reduction of the federal health workforce, following through on plans announced earlier this year. In February, HHS confirmed it had dismissed approximately 3,600 probationary employees across various agencies – including the FDA, CMS, and the Administration for Strategic Preparedness and Response (ASPR) – as part of a broad effort to shrink the department's headcount. Officials have characterized these layoffs as a "surgical" streamlining of non-essential positions, emphasizing that critical frontline public health roles (like CDC scientists and key FDA personnel) were exempted from the cuts. The aim, according to HHS, is to eliminate what the administration views as bureaucratic overlap and inefficiency, saving an estimated $600+ million annually in payroll.

However, the rapid and opaque manner of the mass firings has sparked considerable concern. Congressional Democrats and even some Republicans have raised questions about the lack of transparency and the potential long-term damage to public health preparedness and healthcare oversight. New HHS Secretary Robert F. Kennedy Jr. has just begun his tenure and inherits the task of managing both the fallout from these workforce cuts and the realignment of HHS's priorities. Sec. Kennedy, known for his outside-the-box views, must reassure lawmakers and stakeholders that HHS can still fulfill its mission despite a smaller staff. Issues to watch include whether critical functions (like Medicare/Medicaid operations, drug approvals, and emergency response) suffer any degradation and how remaining staff adjust to the increased workload.

Healthcare Access and Medicaid Waivers

In line with the administration's vision of greater state flexibility and reduced federal program spending, we are seeing moves to reshape Medicaid at the state level. Medicaid work requirements – which had been halted under the prior administration – are now resurfacing. Notably, Ohio submitted a request to CMS at the end of February for a Section 1115 waiver to impose work requirements on certain Medicaid expansion enrollees. Under Ohio's proposal (and similar ones expected from other states), able-bodied adults in the Medicaid expansion population would have to meet criteria such as working, job training, or community engagement in order to maintain coverage, with exemptions for older adults and others meeting specific conditions.

If approved, Ohio's waiver could eliminate coverage for an estimated 50,000–60,000 people in that state. Republican state leaders argue that such requirements encourage employment and self-sufficiency, but healthcare advocates and Democrats strongly oppose them. In fact, a group of Ohio legislators wrote to HHS Secretary Kennedy in late March urging him to reject Ohio's waiver, arguing that cutting off Medicaid to thousands would hurt public health and the workforce more than it helps, given that many Medicaid recipients face barriers to employment like illness, lack of child care, or transportation. It remains to be seen how HHS will rule – RFK Jr. must weigh the administration's ideological support for state-driven solutions against the tangible health coverage losses and legal challenges that could result. The reintroduction of work requirements is concerning. We will stay engaged in this dialogue as decisions made on waivers like Ohio's will set precedents affecting Medicaid policy nationwide.

Regulatory Reform and Business Climate

The Trump Administration has embarked on an aggressive regulatory reform agenda that directly affects national employers. Early in 2025, President Trump issued directives to freeze new federal regulations and to dramatically cut existing red tape – pledging that for every new rule adopted, ten old ones must be eliminated. This pro-business posture has already yielded some concrete changes. For example, the Treasury Department announced it would *pause enforcement* of the new Corporate Transparency Act (CTA) reporting requirements. (The CTA passed in 2021, requires small businesses to report their beneficial ownership to FinCEN starting this year. Many in the business community viewed it as burdensome.)

Now, under the administration's directive, Treasury will hold off on imposing any penalties for non-compliance and is even considering narrowing the rule's scope to apply only to foreign-owned entities. This is a significant relief for small businesses, sparing them from onerous reporting duties and potential fines in the near term. Dialing back regulations that impose high compliance costs on employers is welcomed. Additionally, agencies have been instructed to review and potentially repeal pending rules across various sectors. The Department of Labor, for instance, is reassessing rules related to overtime pay and independent contractor status that were advanced under President Biden – with an eye toward more employer-friendly revisions.

While regulatory reform is broadly positive for the business climate, we also recognize that smart, streamlined rules can provide important guardrails and certainty for businesses. Lobbyit will provide input to agencies to help strike the right balance in implementing the "one-in, ten-out" mandate.

Healthcare Policy Outlook at HHS/CMS

Within HHS and CMS, several policy decisions are on the horizon that could impact healthcare markets. One closely watched issue is whether Medicare will cover anti-obesity medications for the first time. In late 2024, the outgoing administration proposed expanding Medicare (and Medicaid) to cover FDA-approved weight-loss drugs (like Wegovy and other GLP-1 agonists) as part of recognizing obesity as a disease. This proposal was left for the new administration to consider. Covering such medications under Medicare Part D would be a major policy shift – potentially improving access to treatment for millions of seniors but also significantly increasing federal spending, given the high cost of these drugs. Thus far, the Trump HHS has been non-committal: Secretary Kennedy and CMS officials have noted the clinical benefits of addressing obesity, but fiscal hawks in the administration are wary of a new open-ended benefit. The cost-benefit debate continues, with some experts arguing that treating obesity could save money long-term (via reduced diabetes and heart disease), while others point to analyses showing that near-term drug costs could far outweigh any savings. A decision or guidance from CMS on this issue may emerge later in 2025.

Additionally, HHS has hinted at renewed efforts to reduce prescription drug costs through executive action – for instance, by revisiting regulations on prescription drug marketing and direct-to-consumer advertising. Any such moves would complement Congressional drug pricing initiatives and could be done via FDA or CMS rulemaking. Finally, CMS is implementing the health provisions of the March continuing resolution, which included temporary funding fixes for certain Medicare programs and Medicaid "extenders." Overall, the policy landscape is dynamic: from insurance plan rules to public health programs, the administration's choices in 2025 will have lasting effects on healthcare access and costs.

V. News Updates

House GOP Budget Plan Targets Medicaid House Republicans' budget resolution isn't just about taxes – it explicitly calls for large cuts to health programs. The plan directs at least $880 billion in savings from programs under the Energy & Commerce Committee's jurisdiction (which includes Medicaid). GOP lawmakers argue such reductions are needed to rein in entitlement spending and offset tax cuts, but the scale of the proposed Medicaid cuts has generated pushback. Hospitals and healthcare providers warn that slashing Medicaid funding could harm vulnerable populations and rural hospitals that depend on the program's reimbursements. Democrats likewise have blasted the proposal, setting the stage for a politically charged negotiation over healthcare funding in the broader budget package.

Full-Year Continuing Resolution Enacted
A second stopgap spending bill was passed to avoid a government shutdown in March. H.R. 1968, the Full-Year Continuing Appropriations and Extensions Act, 2025, was signed into law on March 15, funding the federal government through September 30, 2025. This unusual full-year continuing resolution keeps agencies running at FY2024 funding levels for the remainder of the fiscal year. It also extends various expiring programs (such as Temporary Assistance for Needy Families and certain Medicare/Medicaid funding provisions) through September. While preventing immediate disruption, the CR means Congress deferred tough decisions on FY2025 appropriations. Lawmakers will face a compressed timeline after the summer to enact the FY2026 spending bills and address the debt limit.

CMS Slashes ACA Navigator Funding
The Centers for Medicare & Medicaid Services announced a dramatic 90% cut to the Affordable Care Act Navigator program's funding. The Navigator program – which funds nonprofit counselors who help individuals enroll in ACA health insurance and Medicaid – will see its budget reduced from about $98 million in 2024 to just $10 million for the 2026 plan year. The administration justified the cut as a cost-saving measure, noting that navigator services resulted in relatively few ACA enrollments per dollar spent, and it projects the cut will lower federal exchange premiums by $360 million over four years. Republicans, including Rep. Brett Guthrie (R-KY), praised the move as fiscally responsible, aligning with their long-term goal of curbing ACA outreach spending.

However, healthcare advocacy groups have denounced the funding slash. They point out that navigators do far more than sign people up for marketplace plans – they assist with Medicaid enrollment, educate consumers, and help troubleshoot coverage issues throughout the year. By cutting funds, the program's capacity will shrink, potentially leaving thousands of Americans without guidance on obtaining coverage. Reduced enrollment assistance could lead to higher uninsured rates, which ultimately impacts employers (through uncompensated care costs and insurance premiums).

Small Businesses Applaud Regulatory Relief

The new administration's regulatory rollback is earning praise from the small business community. In March, the American Building Materials Alliance (ABMA) highlighted the administration's recent steps to ease compliance burdens. Chief among them was the decision to delay enforcement of the Corporate Transparency Act (CTA) reporting rules. The Treasury Department confirmed it will not penalize companies for failing to meet the CTA's initial deadlines and is considering limiting the rule's applicability to foreign entities only. This effectively spares millions of small and mid-sized businesses from a complex filing requirement that was set to begin in 2024. "The repeal of penalties associated with the CTA represents a major win, ensuring that small businesses are not subjected to unnecessary compliance costs," ABMA noted in a March 14 update. This kind of regulatory breathing room allows businesses to focus on growth and jobs.

In related news, the Department of Labor has paused or withdrawn several pending regulations, including rules on overtime pay thresholds and independent contractor classification, pending further review. These moves align with President Trump's mandate to cut red tape and have been well-received by national employers. We expect more formal announcements of rule reversals or modifications in the coming weeks.

PRO Act Sparks Debate Despite Dim Prospects

The Protecting the Right to Organize Act (PRO Act) was reintroduced on March 7, reigniting discussion over federal labor law even though the bill is unlikely to advance. The PRO Act would dramatically expand union rights and restrict employer tactics in union campaigns. Labor unions hailed the reintroduction – AFL-CIO President Liz Shuler called it a "game changer" for American workers and urged Congress to pass it. Business groups, conversely, have intensified their opposition. The National Retail Federation and NFIB each issued statements in March warning that the PRO Act could upend workplaces and impose costly mandates on businesses. A particular concern is the PRO Act's impact on the "gig" economy and independent contractors, as it seeks to tighten the definition of employee (similar to California's AB5 law). Given Republican control of the House, the PRO Act will not see a floor vote, but elements of it could appear in regulatory actions. (For example, the NLRB might adopt stricter joint-employer standards or ban certain anti-union meetings using its existing authority, aligning with PRO Act goals.)

House E&C Committee Investigates Pandemic Programs
In oversight news, the House Energy & Commerce Committee has launched inquiries into several pandemic-era health programs. Under Chair Cathy McMorris Rodgers, the committee in March sent letters to HHS and related agencies seeking information on remaining American Rescue Plan Act funds for public health, the status of COVID-19 vaccine purchasing, and the administration's plans for unwinding pandemic emergency provisions. There is particular Republican interest in examining Medicaid enrollment growth during the pandemic (which reached record highs due to continuous coverage requirements that only recently ended) and whether any fraud or waste occurred in enhanced unemployment and health programs. These oversight efforts may inform future policy: for instance, tightening eligibility checks in Medicaid or rescinding unused funds to apply toward deficit reduction. While not headline-grabbing, such oversight is important as it could lead to legislative changes in health and employment programs. We will track any substantive findings or recommendations that emerge from these oversight activities.

VI. Monthly Outlook

April is expected to bring further clarity on the budget reconciliation package as well as regulatory updates. We anticipate that House committees will ramp up activity on reconciliation directives (including possibly marking up tax and health savings legislation), and the Senate may unveil its own budget priorities. On the regulatory side, watch for HHS's decision on Medicaid work requirement waivers and any initial moves by CMS to revise or rescind Biden-era health rules (such as the short-term plan rule, which could be reversed via regulation parallel to the legislative effort). Lobbyit remains engaged with lawmakers and agency officials to ensure that the interests of national employers are well represented in policy decisions. We look forward to reporting back with progress and updates on advocacy priorities.