Policy At A Glance:

Consolidated Appropriations Act, 2026 (H.R. 7148)

On February 3, 2026, the Consolidated Appropriations Act, 2026 (H.R. 7148) was signed into law, funding the departments of Defense, Transportation, Housing and Urban Development, Labor, Health and Human Services, Education and other related agencies for FY 2026. This brief covers some of the key provisions relevant to the Department of Health and Human Services.

Introduction

Each year, Congress allocates discretionary funds for about 25% of government functions through 12 spending bills known as appropriations, which are due by October 1, the start of the new fiscal year.[1] However, they often miss this deadline and resort to a temporary funding measure called a continuing resolution (CR), allowing agencies to operate until a long-term budget is approved.

At the start of the 2026 fiscal year, there was no appropriations legislation or continuing resolution passed, resulting in the longest government shutdown in US history that lasted 43 days from October 1 to November 12, 2025.[2] The shutdown ended with the passage of Continuing Appropriations, Agriculture, Legislative Branch, Military Construction and Veterans Affairs, and Extensions Act, 2026 (H.R. 5371), which funded the government until January 30, 2026, with carveouts for certain areas that are funded until the end of September 2026.[3]

On January 22, the House of Representatives passed a three-bill minibus appropriations package by a vote of 341-88. The package funds the departments of Defense, Transportation, Housing and Urban Development, Labor, Health and Human Services, Education and other related agencies. After some Senate amendments, the bill was signed into law on February 3. This brief covers some of the key provisions relevant to the Department of Health and Human Services (HHS).

Relevant Dates for H.R. 7148[4]

01/20/2026	Introduced in the House of Representatives
01/20/2026	Referred to 3 Committees in the House: Appropriations; Budget; and Ways and Means
01/22/2026	Passed in the House of Representatives
01/26/2026	Received in the Senate
01/30/2026	Passed in the Senate with amendments
02/03/2026	House agreed to Senate amendments
02/03/2026	Signed into law

Healthcare Extenders

H.R. 7148 includes several healthcare extenders, continuing funding for critical healthcare programs, policies and provisions that were set to expire. It also delays the cuts for Medicaid Disproportionate Share Hospital (DSH) payments until FY 2028, eliminating $8 billion in DSH cuts for FY 2026-2027 and providing temporary relief to the hospitals that serve vulnerable populations.[5]

Healthcare extenders for Medicare include 1) the extension of pandemic-era telehealth flexibilities until the end of CY 2027, maintaining key flexibilities such as expanded originating sites, geographic waivers, and eligibility for certain providers that would otherwise be ineligible under the permanent Medicare telehealth rule; 2) the extension of the Low-Volume Hospital Program, which is a program that provides additional payment adjustments for rural hospital with low volume of discharges, through September 30, 2028; 3) the extension of the Medicare-Dependent Hospital Program, which provides additional payments to small, rural hospitals that serve a large proportion of Medicare patients, through the end of CY 2026; and 4) extends the Acute Hospital Care at Home Program waiver flexibilities through September 30, 2030.[5]

Additionally, H.R. 7148 extends funding for key programs such as the Community Health Center (CHC) and the National Health Service Corps (NHSC) through September 30, 2026, and funds the Teaching Health Center Graduate Medical Education (THCGME) programs through September 30, 2029, maintaining healthcare access in underserved areas and promoting healthcare work force development.[5]

PBM Reform

Riding along in the minibus is a set of provisions aimed at reforming pharmacy benefit managers (PBMs). H.R. 7148 prohibits PBMs from receiving remuneration beyond the “bona fide service fees” paid for actual services provided at fair market value starting in 2028 so that PBMs no longer get payments for rebates or other price-linked incentives in Medicare Part D. The new law also increases transparency by requiring PBMs to provide detailed reports to plan sponsors and the federal government on net drug spending, fees, spread pricing, etc. that influence utilization and drug costs by no later than July 1 of each year beginning in 2028. It also allows plan sponsors to conduct annual audits of their PBMs to ensure compliance with the new law.[5]

Funding for Biomedical Research and Mental Health

Biomedical Research

H.R. 7148 provides $48.7 billion in discretionary funding for the National Institutes of Health (NIH)—an increase of $415 million over FY 2025—for investments in life-saving biomedical research across NIH's 27 institutes and centers as well as the Advanced Research Projects Agency for Health (ARPA-H).[5-7] For example, it allocates $3.9 billion for Alzheimer's disease and related dementia research (a $100 million increase from FY 2025); $7.4 billion for the National Cancer Institute (a $128 million increase from FY 2025), including $30 million for the Childhood Cancer STAR Act; and $2.3 billion for the National Institute of Diabetes and Digestive and Kidney Diseases (a $10 million increase from FY 2025).[5-7] H.R. 7148 also increases funding for the Office of Research on Women's Health by $30 million and for maternal mortality research by $10 million.[5-7]

Of note, H.R. 7148 does not include the Trump Administration's proposal to cap indirect cost rates at 15%, continuing a longstanding policy that prohibits NIH from implementing such a cap. It also maintains level funding for HIV research ($613 million), Safe to Sleep campaign and research training programs.[5,6]

Substance Use Disorders and Mental Health

H.R. 7148 provides $7.4 billion for the Substance Abuse and Mental Health Services Administration (SAMHSA) which is an increase of $65 million compared to FY 2025.[5,6] The increased funding will be used to address the rising toll of opioid overdoses, improve access to mental health services, and maintain access to substance use disorder prevention and treatment.

To combat the opioid epidemic and substance use disorders, the bill appropriates $1.6 billion for the State Opioid Response grants; $145 million for the Rural Communities Opioid Response Program; and $2 billion for the Substance Use Prevention, Treatment, and Recovery Services Block Grant.[5-7]

The bill also includes $991 million for the Mental Health Block Grant; $132 million for the Children's Mental Health Services; over $66 million for the Projects for Assistance in Transition from Homelessness; $40 million for the Protection and Advocacy for Individuals with Mental Illness (PAIMI) Program; $535 million for the 988 Suicide & Crisis Lifeline; $386 million for the Certified Community Behavioral Health Clinics; and $2.2 billion for the National Institute of Mental Health.[5-7]

In addition, H.R. 7148 appropriates $164 million in investments within the Department of Education to address the shortage of school-based mental health professionals and services in K-12 schools.[5-7] It also increases funding for Project AWARE (Advancing Wellness and Resiliency in Education), which develops a sustainable infrastructure for school-based mental health programs and services.[6,8]

Conclusion

After the historically longest government shutdown in the fall of 2025 and the partial shutdown stemming from not meeting the January 30 deadline set by the continuing resolution for some areas of the federal government, the enactment of the Consolidated Appropriations Act, 2026 (H.R. 7148) on February 3 allows the departments of Defense, Transportation, Housing and Urban Development, Labor, Health and Human Services, Education and other related agencies to operate for FY 2026.

It is reassuring that H.R. 7148 extends many critical healthcare programs, policies and provisions that were set to expire and that it allocates increased funding for biomedical research, substance use disorders and mental health, among others. It is, however, also notable for not including the extension of the enhanced premium tax credit, which expired on December 31, 2025, and resulted in higher insurance premiums and loss of insurance coverage for millions of Americans.[9] As Congress discusses, debates and deals with different ideas on how best to address the health of our nation, including healthcare access, it should not stop at these appropriations bills but continue to look for policy approaches to improve the health and wellbeing of all Americans.

Did you know?

H.R. 7148 provides $116.8 billion in funding for the Department of Health and Human Services which is an increase of $210 million in discretionary funding compared to FY 2025.[6]

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