AMERICA'S ESSENTIAL HOSPITALS

July 9, 2026

Russell Vought
Director
Office of Management and Budget
725 17th St. NW
Washington, DC 20503

Ref: OMB-2026-0034: Regulation for Federal Financial Assistance

Dear Director Vought:

Thank you for the opportunity to comment on the proposed rule. We write to address how the proposed revisions to standardize the federal grant processes would affect essential hospitals and the communities they serve. Overall, **we urge the Office of Management and Budget (OMB) to ensure that revisions remain consistent with congressional intent and do not disrupt ongoing life-saving research.**

America's Essential Hospitals is the leading association and champion for hospitals dedicated to high-quality care for all, including those who face social and financial barriers to care. Since 1981, America's Essential Hospitals has advanced policies and programs that promote health and access to health care. We support our more than 400 members with advocacy, policy development, research, education, and leadership development. Communities depend on essential hospitals for care across the continuum, health care workforce training, research, public health, and other services. Supported by Essential Hospitals Institute, the association's research and education arm, essential hospitals innovate and adapt to lead all of health care toward better outcomes and value.

The mission of essential hospitals aligns with President Trump's vision to make all Americans healthy. Essential hospitals are committed to serving people in all communities that need access to quality care. Although essential hospitals accounted for only 6% of acute-care hospitals nationwide, they provided 29% of the nation's charity care in 2023.[1] In addition, more than three-quarters of the patients essential hospitals serve are uninsured or covered by Medicare and Medicaid.[2]

Essential hospitals and their academic partners frequently participate in federally funded research designed to improve care delivery and health outcomes for populations that experience significant barriers to care. These efforts include studies that examine strategies to

[1] Miu R, Kelly K, Nelb R. *Essential Data 2025: Our Hospitals, Our Patients—Results of America's Essential Hospitals 2023 Annual Member Characteristics Survey*. America's Essential Hospitals. November 2025. essentialdata.info. Accessed July 1, 2026.
[2] Ibid.

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expand cancer screening, improve chronic disease management, strengthen maternal health outcomes, and address other persistent public health challenges. Federal support has enabled our members to generate evidence that informs clinical practice, advances medical knowledge, and improves health outcomes nationwide.

While we support OMB's overall objective of increasing accountability, we caution against provisions that interrupt research and public health initiatives focused on health outcomes and access. Below, we offer the following comments to ensure OMB achieves its objectives while protecting the capacity of essential hospitals to serve their communities.

1. OMB should not impose new standards on federal grants that interfere with congressional intent.

The primary purpose of federal grant regulation should be to ensure federal financial assistance is administered in accordance with applicable law. Specifically**, federal grant requirements should not restrict activities that are authorized by statute, approved by federal agencies, and consistent with the purposes for which Congress appropriated funding.**

We are concerned that the proposed changes to 2 CFR §200.300 obfuscate the government's primary responsibility for ensuring that grant programs are administered consistently with statutory intent. The proposed language related to diversity, equity, and inclusion could be interpreted in ways that undermine programs that Congress expressly established to improve care and strengthen services in medically underserved communities. For example, Congress has authorized and funded numerous health care and public health programs specifically to reduce inequities, improve access to essential services, and support populations facing significant barriers to care.

America's Essential Hospitals values access and treatment for all, and its members support and comply with federal antidiscrimination provisions. However, medical research at essential hospitals could be substantially disrupted if the Centers for Medicare & Medicaid Services were permitted to withhold funding for congressionally directed research to address the needs of the populations that essential hospitals serve. Essential hospitals rely on this research to develop and evaluate approaches that improve care for patients and communities facing significant barriers to achieving optimal health outcomes. Disruptions to this work could reduce opportunities to improve population health, expand access to care, and advance solutions to long-standing public health challenges. **OMB should clarify that medical research addressing the needs of specific patient populations continues to be permissible uses of federal funding, consistent with federal law.**

2. OMB should minimize disruption for existing grants.

As OMB considers revisions to 2 CFR § 200.340, it should recognize that termination or suspension decisions involving health care and public health research awards can have significant consequences for patients, communities, and the federal government's investment.

Part of being a good steward of federal resources is ensuring that federally funded projects are allowed to reach completion when they are meeting established performance requirements and advancing statutory objectives. Research projects often involve substantial federal investments over multiple years, including support for clinical personnel, research infrastructure,

community partnerships, data collection, and patient recruitment. At essential hospitals, many of these activities are integrated with broader efforts to improve care delivery, expand access to services, and address public health needs in underserved communities. When projects are terminated after these investments have been made, the federal government may lose the opportunity to realize the full value of resources already committed.

We urge OMB to ensure that agencies consider the federal resources already invested in a project, the potential effects on patients and communities, and whether alternative corrective actions would address identified concerns. This framework could strengthen stewardship of taxpayer dollars while allowing promising projects to reach completion and deliver the results Congress intended federal funding to achieve.

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America's Essential Hospitals appreciates the opportunity to submit these comments. If you have questions, please contact Director of Policy Robert Nelb, MPH, at 202-585-0127 or rnelb@essentialhospitals.org.

Sincerely,

Jennifer DeCubellis
President and CEO