

AMERICA'S HOSPITALS AND HEALTH SYSTEMS

July 13, 2026

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

Re: *Proposed Regulation for Federal Financial Assistance (Docket No. OMB-2026-0034)*

Dear Director Vought:

On behalf of our nation's hospitals and health systems, we appreciate the opportunity to comment on the Office of Management and Budget's (OMB's) and other agencies' proposed revisions to the Uniform Grants Regulation governing federal financial assistance.

The proposed changes to 2 CFR § 200.340 are particularly troubling. They would authorize agencies to unilaterally modify or terminate awards based on shifting policy priorities or national-interest determinations, while eliminating existing appeals processes. This would fundamentally undermine the reasonable expectation that recipients can rely on awarded grants to remain stable, which is essential to making long-term federal investments workable.

Hospitals and health systems are among the recipients of federal financial assistance. These awards fund medical research, emergency preparedness, rural health, behavioral health and public health infrastructure. These are programs that typically span multiple years and require substantial upfront institutional investment in personnel, equipment, technology, and private and community partnerships. These arrangements cannot be phased down quickly without disrupting patient care.

The uncertainty created by this rule will have real operational consequences. Hospitals cannot responsibly recruit investigators, launch longitudinal studies or build rural outreach infrastructure if post-award conditions may shift unilaterally based on factors unrelated to recipient performance. Boards and leadership also rely on award stability when committing matching funds that multiply the value of federal investments.

We also request clarification of the rule's scope. While routine Medicare and Medicaid fee-for-service payments for patient care appear to be excluded, it is unclear whether other funding mechanisms — including the Medicare Rural Hospital Flexibility Program, CMS Innovation Center model agreements, and supplemental or capitation payments to Medicaid managed care organizations — are within the scope of the rule. We request that the final rule address these categories explicitly.

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We respectfully urge OMB to preserve the stability of federal awards by clarifying that grants generally will not be modified or terminated absent significant recipient noncompliance, statutory change or other extraordinary circumstances identified in regulation.

Federal assistance programs succeed because recipients can plan with confidence. Preserving reasonable award stability is not incompatible with accountability; it enables prudent, long-term investments that maximize returns on federal dollars and deliver important public benefits. We appreciate the opportunity to comment and welcome further engagement on these issues.

Sincerely,

America's Essential Hospitals
American Hospital Association
Catholic Health Association of the United States
Children's Hospital Association
National Association for Behavioral Healthcare