NATIONAL HEALTH COUNCIL

July 13, 2026

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

**RE: Regulation for Federal Financial Assistance [OMB-2026-0034]**

*Submitted electronically via regulations.gov*

Dear Director Vought:

The National Health Council (NHC) appreciates the opportunity to comment on the Office of Management and Budget's (OMB) proposed rule, *Regulation for Federal Financial Assistance*, published in the *Federal Register* on May 29, 2026.

Created by and for patient organizations more than 100 years ago, the NHC convenes organizations from across the health ecosystem to forge consensus and drive patient-centered health policy. We promote increased access to affordable, high-value, comprehensive, accessible, equitable, and sustainable health care. Made up of more than 180 national health-related organizations and businesses, the NHC's core membership includes the nation's leading patient organizations. Other members include health-related associations and nonprofit organizations including the provider, research, and family caregiver communities; and businesses and organizations representing biopharmaceuticals, devices, diagnostics, generics, and payers.

The NHC recognizes the importance of responsible stewardship of federal funds, strong program integrity, appropriate oversight of recipients and subrecipients, and clear accountability for the use of taxpayer resources. Federal financial assistance must be administered in a manner that is transparent, lawful, evidence-informed, and effective in achieving congressionally authorized public purposes. Federal agencies also need workable tools to address noncompliance, waste, fraud, abuse, and other documented risks that may undermine program effectiveness or public trust.

At the same time, the proposed rule would make substantial changes to the government-wide framework that governs grants, cooperative agreements, and other forms of federal financial assistance. These changes would affect not only the internal administration of federal awards, but also the ability of patient organizations, health-related nonprofits, research institutions, public health partners, state and local entities, and community-based organizations to plan, staff, partner, and deliver programs that patients and families rely on. OMB states that the proposed rule would revise numerous provisions across 2 CFR, including core provisions of the Uniform Guidance governing program design, notices of funding opportunities, merit review, risk assessment, specific

conditions, pass-through entities, remedies, termination, suspension, closeout, cost principles, and related agency-specific provisions. The joint extension request that the NHC joined further underscores the breadth of the proposal, noting that the rule would amend 91 parts of Title 2, affect 456 sections of the regulations, add 52 new subsections, and fully restate 375 sections[1].

The NHC is concerned that, if finalized as proposed, several provisions would introduce substantial uncertainty into federal grantmaking and award administration by allowing award design, award selection, award conditions, suspension, termination, subrecipient oversight, and cost recovery to be determined by broad, shifting, or insufficiently transparent standards. From the patient perspective, that uncertainty is not merely administrative. It can affect whether trusted organizations are able to sustain patient-facing programs, participate in research, support caregivers, reach underserved communities, maintain registries and data infrastructure, provide education and navigation, and help federal agencies implement congressionally authorized health and public health programs.

The NHC urges OMB to withdraw the proposed rule. The proposal is too broad, consequential, and dependent on vague or shifting standards to be finalized through targeted edits alone. If OMB does not withdraw the proposal, the NHC urges OMB not to finalize the rule as written and, at minimum, to withdraw or substantially revise the provisions discussed below so that any final rule preserves clear statutory grounding, objective and transparent selection criteria, predictable award terms, proportionate and recipient-specific risk management, meaningful notice and appeal rights, and transition protections when patient-facing programs may be disrupted.

**Summary of Recommendations**

The NHC recommends that OMB:

1. **Withdraw the proposed rule.** The breadth, short comment period, and reliance on broad or insufficiently defined standards of the proposed rule create unacceptable risks for patients, caregivers, research, public health programs, and the organizations that serve them.
2. **Extend the comment period before proceeding with any final rule.** The NHC joined a broad, multi-sector request for a 45-day extension, which would provide a 90-day comment period ending August 27, 2026.[2] The scope and complexity of the proposal warrant the requested extension to ensure affected organizations have sufficient time to assess the implications for patients, research, public health, community-based programs, and Federal award administration.
3. **Preserve statutory purpose and objective program design as the foundation of federal financial assistance.** The NHC recommends revising proposed § 200.202 to ensure that program goals and objectives remain

[1] Joint letter from 323 multi-sector organizations, “OMB Guidance Governing Federal Grants and Cooperative Agreements,” June 12, 2026, 1–2

[2] Joint letter from 323 multi-sector organizations, “OMB Guidance Governing Federal Grants and Cooperative Agreements,” June 12, 2026, 1–2.

grounded in the public purpose authorized by Congress and informed by evidence, community need, and beneficiary impact. Any reference to administration policies and priorities must remain subordinate to statutory authority and may not create a basis for materially changing program purpose in a way that undermines reliance, continuity, or patient access.

4. **Remove or substantially revise the proposed pre-issuance review framework in § 200.205.** The final rule must not allow award selection to depend on vague or shifting standards such as whether an award advances the President's policy priorities, promotes anti-American values, or satisfies a broad and undefined national-interest test. Award decisions need to be based on published criteria, programmatic fit, merit review, organizational capacity, compliance history, patient and community need, and the statutory purposes of the program.
5. **Protect peer review, scientific review, patient engagement, and health research from opaque decision-making unrelated to scientific or programmatic merit**. For research and health-related awards, the final rule must preserve the integrity of peer review and other expert review processes, while ensuring that any senior-level review is transparent, documented, and limited to assessing compliance with applicable law and published program criteria. Vague or ideologically framed criteria must not impede patient-centered research, real-world evidence generation, collection and use of patient experience data, registries, or community engagement.
6. **Revise proposed § 200.206 to ensure that applicant risk assessments are objective, documented, legally grounded, and tied to award performance.** Applicant risk assessments should focus on financial management, internal controls, audit findings, compliance history, cybersecurity where relevant, and demonstrated capacity to carry out the proposed award. The NHC recommends that OMB remove or clarify vague criteria such as "questionable practices," undefined affiliations, or broad judgments that activities may be inconsistent with civil rights or religious liberty laws. Such considerations should be permitted only when supported by final adjudications, formal enforcement findings, or other verifiable legal determinations.
7. **Limit mid-award conditions under § 200.208 to documented and proportionate risk.** The NHC does not support finalizing language that would allow agencies to add material conditions during the period of performance based on broad program-level determinations without adequate safeguards. New or changed conditions must be tied to documented recipient-specific risk or clearly defined programmatic risk, preceded by notice and explanation, subject to reconsideration, and implemented in a manner that does not create avoidable disruption to patients, research participants, or communities.
8. **Avoid replacing advance payments with reimbursement in a manner that disadvantages smaller patient organizations and community partners.** Reimbursement-based payment can create cash-flow challenges for nonprofits with limited reserves. Any shift from advance payment to reimbursement should be supported by documented evidence of risk, tailored to address the problem identified, time-limited, and accompanied by technical assistance or other measures to prevent disruption of patient-serving work.
9. **Remove or tightly define reputational-risk language in proposed § 200.332.** Pass-through entities must not be required to police whether subrecipients have

taken actions that could significantly damage the reputation of the Federal Government unless that standard is replaced with objective, legally grounded criteria tied to noncompliance, fraud, waste, abuse, or demonstrated failure to perform. Vague reputational standards could discourage partnerships with smaller, community-based, or patient-led organizations that federal programs depend on to reach patients.

10. **Revise the termination and suspension framework in §§ 200.340–200.343.** The NHC recommends preserving established termination mechanisms for noncompliance and mutual termination, while rejecting broad discretionary authority to terminate awards based on agency priorities or national interest "as they exist at the time of the termination." Any discretionary termination or suspension must be subject to safeguards, including specific written reasons, consideration of reliance interests, opportunities to cure where appropriate, meaningful rights to object and appeal, transition planning, and reimbursement of necessary and reasonable wind-down costs.
11. **Ensure lawful efforts to advance civil rights and equity, improve disability and language access, and outreach to underserved communities are not impeded.** The final rule must distinguish clearly between unlawful discrimination and lawful, evidence-based activities designed to improve access, participation, engagement, accommodations, and outcomes for patients and communities that experience documented barriers to care and research participation.
1. **Protect the ability of patient organizations to participate in federal programs.** The NHC recommends that the final rule avoid inadvertently favoring large institutions with substantial reserves, extensive compliance infrastructure, or lower negotiated indirect cost rates over patient organizations and community-based partners that have the trust, lived-experience expertise, and patient relationships necessary for effective implementation.
2. **Adopt clear transition protections and implementation guardrails.** If OMB finalizes any material changes, the NHC recommends that OMB apply those changes prospectively, provide implementation guidance, and allow sufficient time for award recipients and pass-through entities to update their policies and systems. OMB should avoid applying new requirements to existing awards in a manner that disrupts ongoing patient-facing programs.

**Additional Time Is Needed for Meaningful Public Comment**

The NHC joined a broad request from 323 organizations asking OMB to extend the comment period by 45 days, resulting in a 90-day comment period ending August 27, 2026.[3] The NHC reiterates its support for that request. A meaningful comment process is especially important where a proposal would revise the government-wide framework that applies across federal grantmaking and cooperative agreements, including programs that support health research, patient engagement, public health, community services, education, housing, infrastructure, disability supports, and other functions that affect health and well-being.

[3] Joint letter from 323 multi-sector organizations, "OMB Guidance Governing Federal Grants and Cooperative Agreements," June 12, 2026, 1.

The current comment period is not sufficient for a rule of this scope. The proposal is 108 pages in the *Federal Register* and would affect numerous parts of 2 CFR and multiple federal agencies. The extension request explains that OMB itself identifies substantial impact on small entities and that federal grants and cooperative agreements collectively support a broad range of public purposes.[4] Assessing these changes requires legal, operational, financial, programmatic, research, and beneficiary-impact review. For patient organizations and other health nonprofits, that review also requires consultation with affected constituents, disease communities, research partners, and program staff to assess how award changes would affect patients, caregivers, and other community members in practice.

A longer comment period would improve the quality of the administrative record. Patient organizations and health nonprofits can provide OMB practical insight into federal award implementation, the effects of funding interruptions on communities, the operation of subrecipient relationships, and the potential for vague or shifting award terms to deter participation. These perspectives are particularly important because the proposed rule would affect not only direct federal recipients but also subrecipients and partners that may never interact directly with OMB but are essential to program delivery.

The NHC therefore urges OMB to grant the requested extension before proceeding with any final rule. If OMB does not extend the comment period, the agency, at minimum, needs to take care not to treat the absence of highly detailed comments from smaller patient organizations, community-based organizations, or subrecipients as evidence that the proposal would not affect them. Limited commenting capacity is itself part of the burden that must inform OMB's assessment of the rule.

**Federal Financial Assistance Supports Patients, Research, Public Health, and Community-Based Implementation**

Federal financial assistance is often discussed in administrative terms: notices of funding opportunities, award terms, reporting requirements, drawdowns, audits, closeout, and compliance. Those mechanisms matter. But from the patient perspective, federal financial assistance is also part of the infrastructure that allows public purposes authorized by Congress to reach people and communities. Grants and cooperative agreements support public health programs, health services research, patient-centered outcomes research, biomedical research, registries, education and outreach, technical assistance, disease surveillance, workforce development, disability-related supports, caregiver resources, and community-based implementation.

Patient organizations and other health nonprofits play an important role in that infrastructure. They often serve as trusted intermediaries between federal agencies and the communities the programs are intended to benefit. They help identify unmet needs, elevate patient and caregiver perspectives, convene stakeholders, translate complex information, support participation in research, disseminate evidence, and engage people who may not be reached through traditional institutional channels. In many

[4] Joint letter from 323 multi-sector organizations, "OMB Guidance Governing Federal Grants and Cooperative Agreements," June 12, 2026, 1.

disease areas, patient organizations also support registries, natural history studies, patient experience data collection, community education, and implementation partnerships that are essential to research and care improvement.

That role is especially important for people living with chronic diseases, disabilities, rare conditions, cancer, behavioral health needs, autoimmune conditions, neurological conditions, and other serious or complex health needs. Chronic diseases account for much of the illness, disability, and death in the United States, and patients with chronic and complex conditions frequently interact with multiple systems of care over long periods of time.[5] These patients and their caregivers often rely on trusted organizations for information, navigation, peer support, research updates, access assistance, and policy engagement. Federal grants and cooperative agreements that support these functions can directly affect patients' access to timely, understandable information, the inclusion of communities in public health programs, and the extent to which research reflects outcomes and burdens that matter to patients.

Federal health research also depends on stable grantmaking. NIH reports that in fiscal year 2025, it supported tens of thousands of extramural awards and provided more than $35 billion in extramural research funding.[6] More broadly, federal R&D funding remains a major component of the nation's research enterprise.[7] Patient organizations may not always be the primary award recipient for major research grants, but they often contribute as partners, advisors, conveners, dissemination partners, recruitment partners, registry stewards, or sources of lived-experience expertise. Unstable award terms, sudden suspensions, or mid-award changes can disrupt both the institutions and the relationships that make patient-centered research possible.

For these reasons, the NHC encourages OMB to evaluate the proposed rule with regard not only to agency flexibility but also to program continuity, reliance interests, and implementation feasibility. A federal award is not an abstract transaction. Award recipients hire staff, enter contracts, establish subawards, build data systems, recruit participants, form community partnerships, design outreach materials, train personnel, and make commitments to patients and communities. When award terms can change materially during the period of performance or awards can be terminated based on broad standards unrelated to recipient performance, organizations may become less willing or able to accept federal funds. That outcome would not strengthen federal programs; it would weaken the network of trusted partners needed to implement them.

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[5] Centers for Disease Control and Prevention, "Fast Facts: Health and Economic Costs of Chronic Conditions," May 26, 2026, https://www.cdc.gov/chronic-disease/data-research/facts-stats/index.html.

[6] Mike Lauer, "Fiscal Year 2025 by the Numbers: Extramural Grant Investments in Research," NIH Extramural Nexus, March 12, 2026, https://grants.nih.gov/news-events/nih-extramural-nexus-news/2026/03/fiscal-year-2025-by-the-numbers-extramural-grant-investments-in-research.

[7] National Center for Science and Engineering Statistics, National Science Foundation, "Survey of Federal Funds for Research and Development," accessed June 16, 2026, https://ncses.nsf.gov/surveys/federal-funds-research-development.

**Program Design Should Remain Grounded in Statutory Purpose, Evidence, Community Need, and Patient Impact (§ 200.202)**

The NHC supports the principle that federal programs should be guided by clear goals and objectives, designed to achieve meaningful results, and aligned with their legally authorized public purposes. The proposed revision to § 200.202, however, would place additional emphasis on aligning program goals and objectives with administration policies and priorities. In many cases, federal programs are authorized and funded by Congress to serve durable public purposes that must not shift substantially with each administration. Patient-serving programs often require long-term planning, trust-building, technical assistance, data infrastructure, and community engagement. If program design can be materially reframed around changing administration priorities rather than statutory purpose, evidence, and beneficiary need, recipients may face uncertainty that undermines program continuity.

The NHC therefore recommends that OMB revise § 200.202(a)(1)(iii) to clarify that any alignment with administration policies and priorities must be consistent with, and subordinate to, the public purpose authorized by Congress and the terms of applicable appropriations. The NHC urges OMB to clarify that administration priorities may not be used to narrow program purpose, alter eligibility, or change award expectations in a manner that is inconsistent with authorizing law, appropriations, published funding criteria, or the reasonable reliance interests of recipients.

The proposal would also encourage agencies to consult with communities that benefit from or are affected by a program and to consider available data, evidence, and evaluation results from past programs. The NHC supports community consultation, evidence-informed program design, and greater clarity in program goals. These principles are important for patient-centered implementation. Federal agencies can strengthen program design by consulting patients, caregivers, patient organizations, providers, researchers, and community partners when designing health and public health programs. Agencies can also use data and evaluation results to improve program effectiveness, reduce burden, and ensure that programs reach the people they are intended to serve.

The NHC therefore recommends strengthening the community-consultation language in § 200.202(b). For health and public health programs, consultation needs to include patients, caregivers, patient organizations, disability organizations, community-based organizations, clinicians, researchers, and other stakeholders with direct experience of the relevant program. The final rule can encourage agencies to explain how community input and evidence informed program design, particularly where programs are intended to address access barriers, improve outcomes, or reach underserved populations.

The NHC appreciates OMB’s proposed encouragement of multi-year awards where consistent with program objectives and law. Multi-year awards can promote stability, reduce administrative burden, and support long-term planning. This is especially important for research, patient registries, community partnerships, and programs that require time to establish trust and demonstrate outcomes. The NHC recommends retaining and strengthening this provision, while ensuring that the termination and

suspension provisions do not undermine the stability that multi-year awards are intended to provide.

**Award-Selection Criteria Should be Objective, Transparent, and Tied to Program Requirements (§ 200.205)**

Proposed § 200.205 would revise the federal agency merit review process for discretionary awards by requiring pre-issuance reviews to ensure that proposals selected for funding are consistent with applicable law, federal agency priorities, and the national interest. Under this framework, agency heads would designate one or more senior appointees to conduct a pre-issuance review of each discretionary award. These reviews would be governed by several principles: where applicable, discretionary awards must demonstrably advance the President's policy priorities; awards must not be used to fund, promote, encourage, subsidize, or facilitate several specified activities; and, all else equal, preference should be given to institutions with lower indirect cost rates.

The NHC supports objective merit review and appropriate legal review. Federal agencies need to ensure that awards are consistent with statutory authority, appropriations, published program criteria, and applicable law. Agencies also need to retain the ability to ensure that proposals are of sufficient quality and that applicants have capacity to carry out the proposed work. However, the proposed pre-issuance review framework raises significant concerns because it could allow award selection to depend on broad and shifting policy judgments that are not sufficiently tied to the program's statutory purpose, objective merit, patient or community need, or recipient capacity.

Federal award decisions must be transparent and predictable. Applicants need to understand the criteria by which their applications will be evaluated before they invest time and resources in applying. Review criteria must be published in the notice of funding opportunity and applied consistently. Where a proposal is declined after merit review because of a legal or policy concern, the applicant needs to receive sufficient information to understand the basis for the decision, correct any misunderstanding where appropriate, and assess whether future applications are viable.

The proposed language would not provide that level of predictability. Terms such as "national interest" and "anti-American values" are not defined with sufficient precision to guide applicants or constrain agency discretion. Similarly, requiring discretionary awards to demonstrably advance the President's policy priorities may create uncertainty for programs authorized by Congress to serve ongoing public purposes. For patient organizations and health nonprofits, the practical risk is that awards could be denied or delayed based on criteria that are not transparent at the time of application, not tied to patient need or program effectiveness, or not subject to meaningful explanation or review.

The NHC is also concerned that the proposed language could deter patient organizations from applying for federal funding or partnering on federal awards. Organizations may reasonably fear that their missions, public statements, membership affiliations, research priorities, or lawful outreach strategies could be interpreted through

an undefined policy lens. That uncertainty could narrow the pool of qualified applicants and partners, weakening federal programs. Patient organizations often bring expertise that cannot be replicated by larger institutions: trusted relationships, disease-specific knowledge, caregiver engagement, lived experience, the identification of patient-centered outcomes, and the ability to convene communities around complex issues. Federal award selection should encourage, not deter, their participation.

The NHC further recommends that OMB remove or substantially revise the preference for institutions with lower indirect cost rates proposed in § 200.205(b)(3). The NHC understands that OMB is not proposing to revise the indirect cost rate negotiation system in this rulemaking. Even so, using indirect cost rates as an award-selection factor could have significant effects because those rates are not a simple measure of efficiency or merit. They may reflect organizational structure, compliance obligations, infrastructure, data security, accessibility, financial controls, staff support, or the extent to which an organization has historically been able to build administrative capacity. A preference for lower indirect cost rates could therefore disadvantage smaller or less-resourced patient organizations that need adequate infrastructure to comply with federal requirements, protect data, support accessibility, and administer funds responsibly.

Rather than using lower indirect cost rates as a tiebreaker, the NHC recommends that OMB direct agencies to evaluate whether the proposed budget is reasonable, allocable, adequately documented, and sufficient to support successful performance. Award selection should prioritize value and effectiveness, not merely the appearance of lower administrative cost. Underfunding administrative functions can increase compliance risks and reduce program effectiveness, particularly for organizations responsible for managing subawards, collecting data, protecting privacy, and conducting outreach in accessible and culturally appropriate ways.

For research awards, proposed § 200.205 would also state that peer review recommendations remain advisory and are not to be routinely deferred to or treated as de facto binding by senior appointees or their designees. The NHC recognizes that final award decisions may involve legal, budgetary, and programmatic considerations. However, the NHC cautions OMB against undermining the value of peer review, scientific review, patient engagement, and other expert review processes. Where agencies use peer review, patient engagement review, or other expert assessment, senior-level review must not override those processes without transparent, documented, and legally grounded reasons tied to published criteria. Otherwise, the review process may become less credible and less predictable for applicants and communities.

The NHC recommends that OMB revise § 200.205 to provide that pre-issuance review may be used to confirm legal compliance, consistency with the notice of funding opportunity, availability of funds, and documented programmatic fit, but may not introduce unpublished selection criteria or rely on vague policy standards. The NHC encourages OMB to require agencies to document the basis for any senior-level decision that departs from merit review recommendations and to provide applicants with a meaningful explanation where a proposal otherwise recommended for funding is not selected.

**Applicant Risk Assessment Should Focus on Documented Performance and Compliance Risks (§ 200.206)**

Proposed § 200.206 would revise federal agency review of risk posed by applicants. The NHC supports risk assessment as a necessary part of federal award management. Agencies need to assess financial stability, financial capacity, management systems, history of performance, audit reports, ability to implement requirements, cybersecurity where relevant, and fraud risk. These factors can help agencies identify appropriate monitoring, technical assistance, or specific conditions that support successful performance.

However, the applicant risk assessment framework should remain objective, documented, and tied to the applicant's ability to carry out the proposed award activities. Proposed § 200.206 would add a "history of questionable practices" as a risk factor and identify examples including plagiarism; discredited or non-replicable studies; activities inconsistent with federal civil rights or religious liberty laws; and membership in or affiliation with organizations engaged in activities that violate federal law, undermine public safety or national security, or advocate the overthrow of the United States government.

Some of these concepts address legitimate concerns when grounded in verifiable findings. Federal agencies need not ignore fraud, research misconduct, financial mismanagement, violations of law, or serious compliance failures. However, the proposed text does not sufficiently define "questionable practices," "discredited," "non-replicable," "undermine public safety," and "affiliation," which could be applied inconsistently. In the health and research context, scientific understanding evolves, studies may fail to replicate for methodological reasons, and legitimate debate is part of the research process. Without clear definitions, these risk-assessment standards could impede legitimate scientific inquiry, discourage innovative or patient-centered work, or penalize applicants based on contested interpretations rather than verifiable findings.

The NHC is particularly concerned about the potential effect of these standards on patient organizations and community partners. Patient organizations often join coalitions, advisory groups, research networks, and policy partnerships to advance patient-centered goals. A broad affiliation standard could create uncertainty about whether an organization's association with other entities might be used against it in a risk assessment, even when the applicant itself has a strong compliance record and the proposed project is consistent with law. This could discourage coalition work and multi-sector collaboration, both of which are essential to patient-centered health policy and research.

The final rule therefore must limit these factors to objective and verifiable information. For example, risk assessment may appropriately consider final audit findings, final agency determinations, court judgments, settlement agreements where relevant, suspension or debarment status, documented research misconduct findings, and other formal determinations. The NHC cautions OMB against allowing agencies to rely on unadjudicated allegations, generalized reputational concerns, public controversy, political disagreement, or broad judgments about an applicant's viewpoint or associations.

The NHC also recommends that agencies be required to distinguish between risk assessment and eligibility. Risk assessment should be used to tailor oversight and support successful performance, not to create de facto exclusion criteria outside the notice of funding opportunity and statutory authority. If an agency determines that an applicant poses risk, the agency needs to identify the specific risk, explain how it relates to the award, and consider proportionate responses such as technical assistance, additional reporting, phased funding, or targeted conditions. Denial of an award based on risk should be reserved for circumstances where the applicant cannot reasonably perform the award or where federal law prohibits the award.

**Award Conditions Should be Clear, Proportionate, and Protective of Program Continuity (§ 200.208)**

Proposed § 200.208 would authorize agencies to impose specific conditions when an award is made and to modify or remove specific conditions during the period of performance in response to identified risk factors. Examples include requiring reimbursement rather than advance payment, withholding authority to proceed to the next phase, requiring additional or more detailed financial reports, requiring information about payments to subrecipients, contractors, and vendors, requiring additional monitoring or site visits, requiring technical or management assistance, and establishing additional prior approvals. The proposal would also permit agencies to impose conditions at the program level when they determine that a federal program presents elevated programmatic risk related to administration, oversight, or effective monitoring.

The NHC supports the use of specific conditions when they are necessary, documented, and proportionate to an identified risk. When properly tailored, such conditions can help recipients correct problems, strengthen internal controls, and continue to carry out the award. However, the proposed framework would allow material award conditions to change during the period of performance in ways that may substantially alter the administrative and financial assumptions on which the recipient accepted the award.

This proposal is especially concerning for patient organizations and smaller health nonprofits that may operate with limited reserves and lean administrative staff. They may accept federal awards based on a careful assessment of payment timing, reporting obligations, staffing, subrecipient responsibilities, and project scope. If an agency later imposes reimbursement-only payment, additional prior approvals, more detailed reporting, or program-level monitoring requirements without adequate transition time, the recipient may face cash-flow problems, staffing disruptions, delayed subawards, or reduced ability to carry out patient-facing activities.

The NHC recommends that OMB revise § 200.208 to include stronger guardrails. First, any mid-award condition should be based on documented risk that is specific to the recipient or based on clearly described risk for program-level conditions supported by evidence. Second, the condition needs to be proportionate to the risk identified and no more burdensome than necessary. Third, agencies need to provide written notice that explains the factual basis for the condition, the action required to remove it, the expected duration, and the process for reconsideration. Fourth, agencies need to

consider the effect of the condition on patients, research participants, subrecipients, and community partners. Fifth, where the condition materially changes payment timing or project administration, agencies must provide reasonable transition time unless there is an urgent risk of waste, fraud, abuse, or serious noncompliance.

The proposed ability to move recipients from advance payment to reimbursement warrants particular attention. Reimbursement may be appropriate for some recipients in some circumstances, but it can be destabilizing for nonprofits that do not have substantial cash reserves. Patient organizations may need to pay staff, consultants, community partners, vendors, and subrecipients before receiving reimbursement. If reimbursement is delayed, the organization may be forced to slow or stop work that is performing well. The NHC therefore asks that OMB clarify that reimbursement-only payment be used only when justified by documented financial or compliance risk, be tailored and time-limited, and be accompanied by prompt reimbursement timelines and technical assistance.

The NHC also recommends that agencies use program-level specific conditions sparingly. Broad conditions imposed across an entire program could burden compliant recipients and discourage participation. If the final rule authorizes such conditions, the OMB should require agencies to publish the basis for the program-level risk determination, identify the specific conditions to be imposed, explain how those conditions are related to the risk, provide a mechanism for recipients to request relief when the conditions are unnecessary for their award, and periodically reassess whether the conditions should remain in place.

**Subrecipient Oversight Should Support Accountability Without Discouraging Trusted Partnerships (§§ 200.331-200.333)**

Federal programs often rely on pass-through entities and subrecipients to reach patients and communities. In health and public health programs, subrecipients may include community-based organizations, patient organizations, local public health partners, clinics, research sites, caregiver organizations, disability organizations, and other entities that have direct relationships with the people the program is intended to serve. These partnerships are essential to implementation.

The NHC supports accurate subrecipient and contractor determinations, appropriate subaward reporting, and oversight of subrecipient compliance. Proposed § 200.331 would require pass-through entities to evaluate transfers of federal funds to affiliates, subsidiaries, or related organizations that are separate legal persons as either subawards or contracts, as appropriate. Proposed § 200.332 would require pass-through entities to report subawards in SAM.gov, make subrecipient or contractor determinations for downstream entities including affiliates and related organizations, verify audit requirements, and consider enforcement action against noncompliant subrecipients. These provisions may promote transparency and accountability if implemented clearly and without imposing unreasonable administrative burdens.

However, proposed § 200.332(i) would also require pass-through entities to ensure no subrecipient takes actions that could significantly damage the reputation of the pass-through entity, the federal agency making the award, or the federal government. If the

pass-through entity finds that a subrecipient has taken such actions, it would be required to consult with the federal agency to determine whether termination of the subaward is warranted. If the agency determines that significant reputational harm has occurred, it could direct the pass-through entity to terminate the subaward or terminate the pass-through entity's federal award.

The NHC strongly recommends that OMB remove this reputational-risk language. The proposed standard is not sufficiently defined: it does not specify what constitutes significant reputational damage, what evidence must support such a determination, what procedures would apply, whether the subrecipient would have an opportunity to respond, or how the standard relates to the program's statutory purpose, award performance, or legal compliance. A broad reputational standard could discourage pass-through entities from selecting subrecipients that are smaller, patient-led, community-based, advocacy-oriented, or publicly engaged on controversial health issues, even when those organizations are qualified and trusted by patients.

A vague reputational standard could constrain the very work that makes patient organizations and community partners valuable to federal programs. These organizations may engage in advocacy, public education, research dissemination, and community mobilization as part of their missions. They may also speak candidly about barriers patients face, including coverage gaps, affordability challenges, discrimination, disability access problems, delays in diagnosis, research underrepresentation, or failures in care delivery. Such work may be essential to ensuring that patient perspectives are heard and identifying needed improvements in federal policy and program delivery. Discouraging that work could deprive federal programs of trusted, independent voices.

If OMB determines that additional subrecipient safeguards are necessary, the NHC recommends that the final rule replace reputational-risk language with objective compliance standards tied to award performance and applicable legal requirements. For example, pass-through entities can be required to ensure that subrecipients comply with applicable law, award terms, audit requirements, reporting obligations, conflict-of-interest requirements, and other clearly defined conditions of the subaward. They can also be required to take appropriate action when there is documented fraud, waste, abuse, material noncompliance, or failure to perform. These more concrete standards would provide an administrable basis for subrecipient oversight than an undefined standard based on potential damage to the reputation of the federal government.

The NHC also encourages OMB to preserve flexibility for patient organizations and related entities to collaborate in ways that are appropriate for their structures. Some patient organizations have affiliated foundations, research arms, registries, state chapters, or related entities that contribute to federal awards. The NHC recommends that OMB provide guidance on subrecipient and contractor determinations that avoids unnecessary burden and recognizes legitimate organizational structures while ensuring transparency and accountability.

**Suspension and Termination Policies Should Include Clear Limits and Meaningful Safeguards (§§ 200.340-200.343)**

The proposed termination and suspension provisions are among the most consequential elements of the rule. Agencies need tools to protect federal funds and ensure that awards achieve authorized purposes, and the NHC supports termination for material noncompliance and appropriate remedies when recipients fail to comply with federal statutes, regulations, or award terms. However, the proposed framework would substantially expand discretionary termination and suspension authority in ways that could undermine award stability and disrupt patient-serving programs.

Proposed § 200.340(a)(2) would allow a federal agency or pass-through entity, to the extent permitted by law, to terminate an award in part or in its entirety if the agency or pass-through entity determines that termination is in its interest, including if an award does not effectuate program goals, federal agency priorities, or the national interest "as they exist at the time of the termination." Proposed § 200.340(e) would allow temporary suspension for up to 90 days if the agency or pass-through entity determines that suspension is in its interest. Proposed § 200.342 would allow agencies to establish objection, hearing, and appeal procedures for remedies imposed in response to noncompliance, but it would not extend those procedural protections to terminations based on other grounds.

The NHC is concerned that these provisions would create substantial uncertainty. Recipients may accept awards in good faith based on published program goals and award terms, only to face termination or suspension later because agency priorities or national-interest judgments have changed. The proposed language expressly focuses on priorities "as they exist at the time of the termination," which means that a recipient could be performing according to the terms of the award but still face termination because the agency's priorities have shifted.

For patient-serving programs, termination or suspension can have significant consequences. Either action can interrupt patient education, navigation, outreach, data collection, research recruitment, registry maintenance, caregiver support, technical assistance, community partnerships, and other essential activities. Patients and communities may lose trusted points of contact, research participants may lose continuity, staff may leave, and subrecipients may be forced to stop work. These disruptions can damage partnerships and leave data collection incomplete. Because many of these activities cannot simply be paused and restarted, the resulting harm may not be fully reversible even if funding later resumes.

Although OMB compares the proposed suspension and termination provisions to principles used in procurement contracts, grants and cooperative agreements differ fundamentally in purpose and operation. They are used to carry out public purposes of support or stimulation authorized by law. Recipients often build programs around community relationships, research protocols, patient trust, and multi-party partnerships. Applying broad contract-style termination flexibility without adequate public-purpose, reliance, and beneficiary safeguards could weaken federal programs rather than improve stewardship.

The NHC recommends that OMB remove the proposed discretionary termination language tied to agency priorities or national interest as they exist at the time of termination. If OMB retains any discretionary termination authority, the authority needs to be limited to circumstances where the statutory purpose of the program can no longer be achieved; appropriations are no longer available; there is a documented and material change in law; the project no longer can be performed for reasons outside the recipient's control; or continuation would create a specific, documented, and legally cognizable risk that cannot be addressed through less disruptive means.

The final rule must require meaningful safeguards before discretionary termination or suspension. At a minimum, the final rule should require agencies to take the following steps: provide specific written reasons that identify the legal and factual basis for the action and explain why less disruptive alternatives would be insufficient; give the recipient an opportunity to respond and, where appropriate, cure the identified issue; consider reliance interests and potential effects on patients, research participants, subrecipients, and communities; and develop a transition plan for patient- or participant-facing activities.

The NHC is particularly concerned that proposed § 200.342 would not require agencies to provide objection, hearing, or appeal procedures for terminations based on grounds other than noncompliance. A recipient whose award is terminated based on a discretionary determination should be able to challenge the decision, especially when it disputes the factual basis for termination or believes that the decision is inconsistent with the governing statute, applicable appropriations, the notice of funding opportunity, or the award terms. Allowing a recipient to submit a statement of termination costs is not a substitute for meaningful review of the termination decision itself.

The NHC also advocates for strengthening cost protections. Proposed § 200.341 would allow recipients to submit a statement of termination costs and proposed § 200.343 would allow agencies to consider necessary and reasonable costs resulting from discretionary termination, but the decision would remain within agency discretion and could be weighed against policy concerns. For nonprofits, this creates significant financial risk. Recipients may have made reasonable commitments in reliance on an award, including staff, leases, subawards, contracts, data systems, participant engagement, and community partnerships. If the government terminates an award for reasons unrelated to noncompliance, the recipient must not be left to absorb reasonable wind-down costs.

The NHC recommends that the final rule require reimbursement of necessary, reasonable, allocable, and documented wind-down costs when an award is terminated or suspended for reasons unrelated to recipient noncompliance, subject to ordinary cost principles. This includes costs needed to responsibly close out patient-facing activities, protect participants, notify communities, transition data, terminate or modify subawards and contracts, and preserve records. Agencies also need to be required to act promptly on reimbursement claims so that nonprofits are not left carrying costs for extended periods.

**The Final Rule Should Preserve Lawful Efforts to Improve Access, Equity, Disability Inclusion, Language Access, and Patient Engagement**

The NHC supports compliance with federal civil rights laws and opposes unlawful discrimination. Federal funds must be used in accordance with applicable law. At the same time, several provisions of the proposed rule could be interpreted broadly enough to restrict or discourage lawful, evidence-based efforts to reach underserved communities, improve access, collect information about disparities, provide disability and language access, and ensure that patients can participate meaningfully in programs and research.

This issue is particularly important in health care and public health. Many patient communities experience barriers related to geography, disability, language, transportation, affordability, health literacy, digital access, stigma, provider availability, underdiagnosis, historical exclusion from research, and other factors. Federal programs often need targeted strategies to reach people who face these barriers. Such strategies may include outreach through trusted community partners, accessible materials, language services, culturally appropriate education, data collection to identify gaps, engagement with caregivers, disability accommodations, and efforts to improve representation in research and program participation.

The NHC is concerned that broad references to unlawful diversity, equity, and inclusion or activities inconsistent with civil rights laws could be understood by recipients as discouraging lawful activities that improve access and participation. A patient organization must not have to choose between accepting a federal award and continuing lawful efforts to make materials accessible to people with disabilities, provide understandable program information to patients with limited English proficiency, reach rural patients, represent rare disease communities, and address documented underrepresentation in research recruitment.

The final rule needs to make clear that nothing in 2 CFR prohibits recipients from conducting lawful outreach, engagement, data collection, accommodations, accessibility work, language access, health literacy activities, or other efforts designed to ensure that federal programs are available to and effective for eligible individuals. The NHC recommends that OMB distinguish clearly between unlawful discrimination and lawful efforts to remove barriers and improve access. Without that clarity, recipients may overcorrect, reduce outreach, or avoid collecting information needed to determine whether programs are reaching the patients and communities they are intended to serve.

The NHC also recommends that OMB consult with HHS, NIH, CDC, FDA, CMS, ACL, HRSA, AHRQ, SAMHSA, and other health-related agencies regarding how the final rule would interact with existing program requirements and agency priorities related to disability access, language access, community engagement, health equity, research inclusion, patient-focused drug development, patient-centered outcomes research, and public health implementation. These agencies have direct experience with the practical steps needed to engage with a wide range of patients and communities.

**OMB Should Avoid Disadvantaging Patient Organizations and Smaller Nonprofits**

The proposed rule may have disproportionate effects on smaller organizations, including patient organizations and community-based partners. These organizations often have limited unrestricted reserves, lean administrative staff, and less ability to absorb mid-award payment delays, additional reporting, new prior approvals, or sudden termination. At the same time, they may be among the most effective partners for reaching patients and communities because they have trusted relationships, expertise grounded in lived-experience, and disease-specific knowledge.

The NHC urges OMB to evaluate whether the proposed rule would make federal awards less accessible to these organizations, as several provisions may have that effect. The preference for lower indirect cost rates may favor organizations with certain accounting structures rather than those best positioned to achieve patient-centered outcomes. Reimbursement-based payment may favor organizations with more cash on hand, while expanded risk assessment may penalize organizations based on vague or reputational criteria. Pass-through reputational requirements may cause prime recipients to avoid smaller or advocacy-oriented partners, and broad termination authority may cause nonprofit boards to view federal awards as too risky.

If qualified patient organizations and community partners decline to participate in federal programs, patients may be harmed, and federal agencies will lose access to trusted messengers, patient experience expertise, registries, condition-specific networks, and community relationships. Larger institutions may still apply, but they may not be able to replicate the trust and lived-experience knowledge of patient organizations.

The NHC encourages OMB to incorporate a patient-organization and small-nonprofit impact assessment into the final rule. The NHC recommends that OMB require agencies to consider whether award terms, payment methods, reporting obligations, specific conditions, and subrecipient requirements are calibrated to recipient capacity and program risk. The NHC asks that OMB encourage technical assistance, plain-language notices of funding opportunities, reasonable application windows, and accessible systems that allow less-resourced organizations to compete and participate.

**Transparency, Notice, and Review Rights are Essential to Fair and Workable Implementation**

Across the proposed rule, the NHC urges OMB to strengthen transparency and procedural protections. Predictability is central to responsible grant administration. Recipients and subrecipients need to know what standards apply, how decisions are made, what information will be considered, how they may respond to concerns, and what consequences may follow.

The final rule must include several cross-cutting safeguards. Agencies should be required to publish selection criteria and risk criteria in notices of funding opportunities; document any senior-level pre-issuance decision that departs from merit review recommendations; and provide reconsideration processes, cure opportunities where appropriate, and meaningful appeal rights for material adverse actions.

Award applicants should receive sufficient explanation when a proposal is declined based on legal, risk, or policy considerations, and award recipients must receive written reasons before specific conditions, suspension, termination, or significant award changes.

The NHC also recommends that OMB provide implementation guidance before any final rule takes effect. That guidance should include examples relevant to health, research, public health, patient engagement, and subrecipient partnerships. It must also explain how agencies evaluate patient and community impacts when considering termination, suspension, or program-level conditions. Additionally, the guidance should clarify that lawful outreach and accessibility activities remain permissible and provide model language for notices and award terms that is clear and administrable.

Finally, the NHC recommends that OMB apply any changes adopted in the final rule prospectively. Recipients accepted awards under the rules and terms in effect at the time. Applying new termination, suspension, payment, or condition authorities to existing awards could disrupt ongoing work and undermine reliance. If OMB believes certain provisions must apply to existing awards, the agency needs to provide transition periods, require agency-specific implementation plans, and protect patient-facing activities from abrupt disruption.

## Provision-by-Provision Recommendations

The following table summarizes the NHC's recommended revisions to major provisions of concern. These recommendations are intended to support program integrity and accountability while preserving predictable, patient-centered, and legally grounded federal financial assistance.

| Provision | NHC Concern | NHC Recommendation | Suggested Replacement or Clarification |
|---|---|---|---|
| § 200.202(a)(1)(iii), program goals aligned with administration policies and priorities | The phrase could allow program design to shift away from statutory purpose, evidence, and patient or community needs. | Revise to ensure statutory purpose controls design and administration priorities cannot override authorizing law, appropriations, or published program criteria. | "Are consistent with the public purpose of the program as authorized by law and, to the extent consistent with such law, applicable appropriations, and published program criteria, may reflect administration policies and priorities." |
| § 200.202(b), consultation with communities | Consultation language is constructive but should be strengthened for health programs. | Encourage consultation with patients, caregivers, patient organizations, disability organizations, providers, researchers, and community partners. | Add: "For health, public health, research, and human services programs, agencies should consult, as appropriate, patients, caregivers, patient organizations, disability organizations, providers, researchers, and community-based organizations affected by or benefiting from the program." |
| § 200.202(f), multi-year awards | Multi-year awards can support stability, but broad termination authority could undermine that stability. | Retain and strengthen multi-year award language; cross-reference safeguards for termination and suspension. | Clarify that multi-year awards should not be terminated or suspended for reasons unrelated to recipient performance without consideration of reliance interests, beneficiary impact, and transition needs. |
| § 200.205(b), pre-issuance review by senior appointees | Review may introduce unpublished or politicized criteria and override merit review. | Limit pre-issuance review to legal compliance, consistency with NOFO criteria, availability of funds, and documented programmatic fit. | Replace with: "Pre-issuance review shall confirm that awards selected for funding are consistent with applicable law, appropriations, the NOFO, published review criteria, and the public purpose authorized by law." |
| § 200.205(b)(1), President's policy priorities | Could create shifting criteria unrelated to | Remove or subordinate to statutory authority and published criteria. | Delete, or revise to: "Where relevant and consistent with authorizing law, appropriations, and the NOFO, agencies may consider published agency priorities." |

| Provision | NHC Concern | NHC Recommendation | Suggested Replacement or Clarification |
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| | statutory program purpose. | | |
| § 200.205(b)(2)(iv), anti-American values | Vague, undefined, and likely to chill lawful work. | Delete. | Delete the phrase "or promote anti-American values." |
| § 200.205(b)(3), lower indirect cost rate preference | May disadvantage patient organizations and smaller nonprofits and does not necessarily measure efficiency or value. | Delete; evaluate budget reasonableness instead. | Replace with: "Agencies should evaluate whether proposed costs, including direct and indirect costs, are reasonable, allocable, adequately documented, and sufficient to support successful performance." |
| § 200.205(d), peer review advisory only | Could undermine scientific and expert review if senior officials override without explanation. | Preserve peer review and require documentation of departures. | Add: "Where an agency departs from peer review or other expert review recommendations, it must document the basis for the departure with reference to applicable law and published criteria." |
| § 200.206(b)(2)(vii), questionable practices | Vague and may sweep in contested scientific or policy issues. | Limit to formal, verifiable findings related to award performance. | Replace with: "Final, verifiable findings of research misconduct, fraud, material misrepresentation, or other documented conduct directly relevant to the applicant's ability to perform the federal award." |
| § 200.206(b)(2)(vii)(C)-(D), activities inconsistent with civil rights or religious liberty laws | Could be applied without final legal determinations and chill lawful outreach or access work. | Limit to final adjudications or formal enforcement findings. | Add: "Such consideration must be based on final court judgments, final agency determinations, or other formal enforcement findings, and must be directly relevant to performance of the award." |
| § 200.206(b)(2)(viii), memberships and affiliations | Broad affiliation standards could discourage coalition work and partnerships. | Narrow to controlled relationships or formal findings of unlawful conduct directly relevant to the award. | Replace "membership in or affiliation with" with "documented control by, or material support for, an entity subject to applicable Federal exclusion, suspension, debarment, or final legal determination directly relevant to the award." |
| § 200.208(b), adding conditions during performance | Could materially change award assumptions after acceptance. | Allow only with documented, proportionate, recipient-specific risk or clearly supported programmatic risk. | Add: "Conditions added during the period of performance must be proportionate, no more burdensome than necessary, and based on documented risk related to performance, compliance, financial management, or program integrity." |
| § 200.208(d)(1), reimbursement instead of advance payment | Can create cash-flow risk for smaller nonprofits. | Limit to documented financial or compliance risk; require prompt reimbursement and transition time. | Add: "A shift to reimbursement payment must be supported by documented risk, time-limited, accompanied by prompt reimbursement procedures, and implemented with consideration of recipient cash-flow capacity and beneficiary impact." |
| § 200.208(f), program-level conditions | May burden compliant recipients across a program. | Require published basis, periodic review, and recipient-specific relief process. | Add requirements for notice of programmatic risk, explanation of relationship between risk and condition, periodic reassessment, and opportunity for recipients to request modification. |
| § 200.331(c), related entities | Could create uncertainty for patient organizations with affiliates or chapters. | Retain transparency but provide guidance and examples. | Add guidance clarifying how to classify related entities, chapters, foundations, research arms, and other affiliates based on function and legal status. |
| § 200.332(i), reputational harm by subrecipients | Vague and likely to deter partnerships with patient-led and community-based organizations. | Delete; replace with objective compliance standard. | Replace with: "Ensure that each subrecipient complies with applicable federal statutes, regulations, and the terms and conditions of the subaward, and take appropriate action in response to material noncompliance, fraud, waste, abuse, or documented failure to perform." |
| § 200.340(a)(2), discretionary termination based on agency interest, priorities, or national interest | Creates substantial instability and allows termination unrelated to recipient performance. | Delete or narrow substantially. | Replace with a limited authority for termination where continuation is legally impossible, appropriations are unavailable, statutory purpose cannot be achieved, or documented risk cannot be addressed through less disruptive means. |
| § 200.340(e), suspension in agency interest | Could pause patient-facing work without adequate safeguards. | Require specific reasons, consideration of alternatives, opportunity to respond where | Add: "Before suspending an award for reasons unrelated to noncompliance, the agency must consider less disruptive alternatives and |

| Provision | NHC Concern | NHC Recommendation | Suggested Replacement or Clarification |
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| | | practicable, and transition protections. | document expected effects on beneficiaries, participants, subrecipients, and communities." |
| § 200.341(c), notice of discretionary termination | A brief summary and termination-cost statement are insufficient. | Require specific reasons and opportunity to respond to the basis for termination. | Add: "The notice must provide a sufficiently specific explanation to allow the recipient to understand and respond to the basis for termination." |
| § 200.342, appeals limited to noncompliance terminations | Denies meaningful process for discretionary terminations. | Require objection and appeal rights for material adverse actions, including discretionary termination and suspension. | Replace final sentence with: "The federal agency must provide an opportunity to object and seek reconsideration for termination, suspension, or other material adverse action, including actions not based on noncompliance." |
| § 200.343(b), costs resulting from discretionary termination | Leaves reasonable wind-down costs to agency discretion. | Require reimbursement of necessary and reasonable wind-down costs for terminations unrelated to noncompliance. | Replace "may consider allowing" with "must allow, subject to the cost principles, necessary, reasonable, allocable, and documented costs resulting from termination or suspension unrelated to recipient or subrecipient noncompliance." |
| Cross-cutting civil rights and equity provisions | Vague language may chill lawful access, outreach, disability, language access, and community-engagement activities. | Clarify that lawful efforts to improve access and participation remain permissible. | Add a cross-cutting rule of construction: "Nothing in this part prohibits lawful outreach, engagement, data collection, disability access, language access, health literacy, or other activities designed to ensure eligible individuals can access and benefit from federal programs." |
| Cross-cutting implementation | Applying new rules to existing awards could disrupt ongoing patient-facing work. | Apply prospectively and provide transition guidance. | Add effective-date language applying material changes only to awards issued after the effective date, unless required by statute, with transition protections for existing awards. |

## Conclusion

The NHC appreciates OMB's attention to federal financial assistance, program integrity, and responsible stewardship of taxpayer resources. These goals are important and are best pursued through legally grounded, transparent, and workable standards. However, the proposed rule would introduce substantial uncertainty into federal grantmaking and award administration by expanding discretion to design programs, select awards, impose conditions, suspend work, terminate awards, and oversee subrecipients based on broad or insufficiently defined standards.

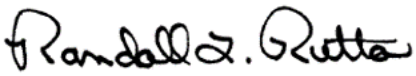
For patient organizations and other health-focused nonprofits, that uncertainty has practical consequences. It can affect whether organizations are willing and able to accept federal awards, partner with agencies and prime recipients, maintain patient-facing programs, support research and registries, reach underserved communities, and sustain the trust needed to implement federal programs effectively. A final rule that discourages trusted patient organizations from participating in federal financial assistance would undermine, rather than strengthen, the public purposes those programs are designed to serve.

The NHC therefore urges OMB to withdraw the proposed rule. If OMB does not withdraw the proposal, the NHC urges OMB not to finalize the rule as written and, at minimum, to withdraw or substantially revise the provisions identified above, extend the comment period, engage affected stakeholders, and ensure that any final rule preserves statutory purpose, objective merit review, patient and community engagement, transparent risk management, meaningful due process, and continuity for patient-serving programs.

The NHC welcomes the opportunity to serve as a resource to OMB and federal agencies as they consider how to strengthen federal financial assistance in a manner that promotes accountability while protecting patients, caregivers, communities, and the organizations that serve them.

Please do not hesitate to contact Kimberly Beer, Senior Vice President, Policy & External Affairs, at kbeer@nhcouncil.org, or Shion Chang, Assistant Vice President, Policy & Regulatory Affairs, at schang@nhcouncil.org, if you or your staff would like to discuss these comments in greater detail.

Sincerely,



Randall L. Rutta
Chief Executive Officer