House Appropriators Give HHS Lengthy Digital Health Recommendations

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The House Appropriations Committee calls for HHS to maintain current funding levels for a HRSA telehealth office, even though the administration wants to significantly boost finding for the office despite proposing deep cuts to other HHS programs.

The committee is also urging HHS to support artificial intelligence initiatives, reform the onboarding process for a national health data-sharing highway, and reject a proposed privacy rule, according to a report attached to its fiscal 2027 HHS budget bill.

Lawmakers want HHS to overhaul Trusted Exchange Framework and Common Agreement (TEFCA) vetting amid a major health IT industry battle and withdraw the Health Insurance Portability and Accountability Act (HIPAA) coordinated care rule that the White House Office of Management and Budget is currently reviewing.

Digital health stakeholders are likely to celebrate many of the report language provisions attached to the HHS spending bill being marked up by House appropriators Tuesday (June 9), but they are not final policy instructions for HHS as the Senate Appropriations Committee has not yet released its fiscal 2027 HHS budget bill that will need to be reconciled with the House version.

Telehealth spending

House appropriators are proposing to reduce the Health Resources and Services Administration's topline budget, but they are instructing HHS to keep the budget for the Office for the Advancement of Telehealth (OAT), a subdivision of HRSA, steady at $45,550,000.

But the White House's fiscal 2027 request calls for OAT to receive $70.1 million.

House appropriators are instructing OAT to keep funding for the Telehealth Centers of Excellence, Telehealth Resource Centers and Telehealth Network Grants steady. They are also setting aside $13,000,000 for the Pediatric Mental Health Access program, which supports telehealth access to pediatric primary care behavioral health services.

AI endorsements

Lawmakers are calling for HHS to write a report on non-clinical AI applications, support AI accreditation programs and finally reform how Medicare reimburses providers using AI.

The non-clinical AI report should focus on benefits and risks, drivers and barriers to adoption, "the state of workforce readiness, including future and current non-clinical health care administrative staff; and policy options to enhance benefits or address challenges associated with the use of non-clinical AI/ML in health care," the House Appropriations Committee report states.

The language is a win for the American Health Information Management Association (AHIMA), which lobbied for the provision earlier this year, and would follow a clinical AI request for information (RFI) HHS issued late last year.

"To advance innovation while safeguarding patient protections, the Committee encourages HHS to leverage accreditation programs and standards, where appropriate, as a supportive mechanism for ensuring that AI tools in health care are developed, deployed, and utilized responsibly," the bill report says.

The endorsement for AI accreditation comes after the Joint Commission, a major accrediting body for hospitals, launched a voluntary AI certification program and URAC, another major accrediting body, launched its AI accreditation program.

House appropriators also want CMS to reform Medicare AI reimbursements, an issue the agency punted last year, and use AI to support its fraud, waste and abuse crackdown, although they are against a controversial CMS initiative to use AI-driven prior authorization to stem overutilization of services on traditional Medicare. Relatedly, the lawmakers encourage HHS to adopt digital identity verification tools, such as CLEAR and ID.me, that have been incorporated into CMS' anti-fraud push.

The lawmakers also want HRSA to support Federally Qualified Health Centers' use of FDA-cleared AI for diagnosing diabetic retinopathy and NIH to fund research leveraging AI.

TEFCA vetting

House appropriators want the Trump administration to more thoroughly vet providers and companies connecting to TEFCA, a rapidly growing national health data-sharing highway overseen by HHS' top health IT office (ONC).

“The Committee recognizes the importance of ensuring that entities participating in TEFCA meet rigorous standards for security, privacy, and operational integrity. . . . This vetting should include, but is not limited to, strengthening eligibility verification procedures for applicants, reviewing publicly available business descriptions, implementing ongoing compliance monitoring and auditing mechanisms, and coordinating with other Federal agencies, as appropriate, to assess security and fraud risks,” the House Appropriations Committee report states.

Lawmakers are also requesting ONC list TEFCA participant vetting procedures, gaps in oversight or risk management and changes to vetting procedures in its fiscal 2028 congressional justification.

House appropriators’ call for TEFCA reforms comes as ONC eyes new onboarding protocols. It also comes as Epic sues Health Gorilla over allegations that the health information network allowed companies to improperly access and profit from nearly 300,000 medical records through connections on TEFCA and Carequality, another national health data-sharing highway.

HIPAA withdrawal

The committee report is also calling for HHS to withdraw the HIPAA coordinated care rule, which is currently at the White House Office of Management and Budget for review.

The proposal enjoys support from health app makers and several patient advocates but is opposed by companies processing medical records requests for providers and major hospital groups. The director of HHS’ Office for Civil Rights has backed the HIPAA coordinated care rule, arguing that it aligns with the Trump administration’s goal of empowering patients with access to their medical records.

House appropriators’ fiscal 2026 HHS budget bill report also called for the federal department to axe the HIPAA coordinated care rule, but the language did not make the final version signed into law by President Donald Trump. -- *Christian Robles* (crobles@iwpnews.com)