July 13, 2026

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

The Honorable Robert F. Kennedy
Secretary
Department of Health and Human Services
200 Independence Ave, SW
725 17th Street, NW
Washington, DC 20201

*Submitted electronically via regulations.gov*

RE: Regulation for Federal Financial Assistance

Dear Director Vought,

On behalf of the American Academy of Family Physicians (AAFP), which represents 124,500 family physicians and medical students across the country, we appreciate the opportunity to comment on the proposed rule published by the Office of Management and Budget (OMB) and federal award-making agencies in the Federal Register on May 29, 2026. The rule proposes substantial revisions to 2 C.F.R. Part 200, or the "Uniform Guidance", which governs the management of federal grants, cooperative agreements, and other forms of federal financial assistance. Key provisions include increased OMB oversight; expanded agency and political appointee discretion in award design, selection, and termination; and restrictions on federal fund use for certain topics in alignment with the President's policy priorities set forth in recent executive orders. If finalized, OMB seeks to effectuate the rule on October 1, 2026, thereby permitting the new policies to apply to FY27 funding.

The AAFP supports the lawful, accountable, and transparent stewardship of federal funds. Thus, we are concerned that many proposed provisions in this rule may shift the basis of award design and selection away from scientific merit and demonstrated need.

To preserve the integrity and rigor of federally supported science, the AAFP recommends OMB:

- Clarify that pre-issuance review by senior appointees under § 200.205 may not displace or supersede scientific merit, scientific need, or expert agency judgment in the evaluation of research and demonstration awards;
- Preserve peer review as a principal basis for assessing scientific and technical merit, with senior review limited to considerations of statutory compliance, fiscal responsibility, and clearly defined program requirements;

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- Narrow post-award termination and suspension authority of senior appointees to ensure that discretionary awards are not discontinued solely on the basis of evolving policy preferences in the absence of noncompliance, statutory conflict, or demonstrated failure to perform;
- Revise § 200.202 to preserve flexibility in nonprofit eligibility and to ensure that participation in federal financial assistance programs remains based on an organization's capability, performance, and alignment with statutory program goals, rather than tax classification;
- Explicitly enable lawful scientific, epidemiologic, health services, and public health research to continue examining differences in outcomes, access, utilization, and program effects across populations when those analyses are methodologically sound and consistent with statutory purpose; and
- Preserve targeted use of fixed-amount awards for low-risk, discrete primary care interventions to ensure that program integrity objectives do not inadvertently constrain participation and care delivery.

Expansion of Agency Discretion: Disclosure, Merit Review, and Risk Evaluation at Pre- and Post-Award stages (2 CFR § 200.112, § 200.205, § 200.206; related § 200.204, (2 CFR §§ 200.211, 200.340)

If finalized, this rule would materially expand the pre-award controls available to Federal agencies through new disclosure requirements and broader authority over merit review and applicant risk evaluation. Most notably, applicants would be required to disclose whether individuals involved in the proposal or anticipated to support the award were employed by the awarding agency within the prior two years. OMB indicates that this requirement is intended to improve transparency regarding potential conflicts of interest, including concerns related to impartiality, preferential treatment, or access to non-public information.

Further, the proposed revision to § 200.205 would restructure the award selection process by expanding merit review requirements and establishing a new pre-issuance review process. Under this revision, discretionary awards would be subject to mandatory review by senior political appointees (or their designees) prior to issuance. OMB states that this review would assess whether proposed awards align with applicable law, Federal agency priorities, the national interest, and the President's policy priorities, consistent with Executive Order 14332.

The proposed rule further specifies that peer review should remain advisory and should not limit agency discretion. Senior appointees conducting pre-issuance review would be required to exercise independent judgment and are explicitly directed not to ministerially ratify or routinely defer to recommendations from peer reviewers or program staff. In addition, the proposal indicates that agencies should incorporate considerations related to research rigor, reproducibility, performance measurement benchmarks associated with "gold-standard science," and institutional commitment to research integrity into award decision-making.

OMB also proposes to expand Federal agency discretion in the post-award phase, particularly with respect to termination and suspension of Federal financial assistance. Under the proposed revision to § 200.211, agencies would be required to include termination provisions in all Federal awards, either directly or by reference to § 200.340. Agencies must also inform recipients of any additional termination provisions applicable to the award. OMB also proposes to broaden the grounds upon which discretionary awards may be terminated. If finalized, federal agencies or pass-through entities would be permitted, to the extent allowed by law, to terminate an award in whole or in part if they determine that termination is in their interest. This standard includes circumstances where an award is determined to no longer effectuate program goals, Federal agency priorities, or the national interest as those considerations exist at the time of termination. The rule does not require a finding of recipient noncompliance, misconduct, or performance failure as a condition of termination.

*AAFP comments on Expansion of Agency Discretion: Disclosure, Merit Review, and Risk Evaluation at Pre- and Post-Award stages*

Although federal agencies have long retained final award authority, federal research funding has historically depended on expert peer review and scientific judgment from career scientists as the principal mechanisms for evaluating scientific merit, methodological rigor, and potential public health impact. In fact, 42 U.S.C. 289a mandates dual-level peer review prior to issuance of research awards by the NIH, and the agency has recently reaffirmed that reforms to its peer review process are intended to reduce non-scientific bias, provide fair, independent, expert, and timely scientific review, and ensure that funding decisions are driven by the quality and importance of the science. **The AAFP is deeply concerned that, if finalized, this rule risks imposing a substantive shift from an expert-led system of scientific evaluation to one in which scientific merit may be subordinated to policy alignment.**

This shift has direct implications for patients and public health. Federally funded research forms the evidentiary foundation for prevention, diagnosis, and treatment. In primary care, where physicians provide continuous, longitudinal care across the life course, the availability of credible, methodologically sound evidence is essential to clinical decision-making. The AAFP believes that Evidence-Based Medicine is essential for delivering high-quality, patient-centered care and guiding health policy advocacy. Through longitudinal relationships, family physicians foster trust and support informed decision-making, ensuring that evidence-based recommendations are applied in ways that reflect patient values and circumstances. Primary care is also central to the generation of evidence, as it is the setting where prevention, chronic disease management, care coordination, and patient counseling converge, making primary care practice-based research networks uniquely positioned to produce generalizable insights into how Americans experience health. However, when scientific review is weakened or award stability is reduced, fewer studies and resulting interventions may reach patients and communities in need.

The proposed expansion of post-award termination authority compounds these risks. If finalized, this provision risks large-scale, midstream disruptions to ongoing research, training programs, and clinical or public health initiatives. For institutions that rely on multi-year awards to support complex research and workforce development activities, this may introduce additional operational risk and uncertainty.

We are also deeply concerned about the implications of these proposed changes on public trust. A 2026 nationally representative survey by the University of Pennsylvania found that 67% of Americans report confidence in career scientists at federal health agencies, compared with 43% confidence in agency leadership. Over the same period, overall trust in major federal health agencies declined from approximately 75% in 2024 to 61% in 2026. By contrast, 86% of respondents report confidence in their primary care provider as a source of trustworthy health information.[i]

**Accordingly, the AAFP supports rigorous stewardship of federal funds when such stewardship reinforces the role of scientific expertise and the public's confidence in the integrity of the evidence base.** For family physicians, and for the millions of patients who depend on them as trusted interpreters of science, the consequences of shifting award review and termination decisions away from expert judgment and toward political discretion are significant and warrant careful reconsideration in the development of a final rule.

For these reasons, the **AAFP urges OMB to revise the proposed rule to ensure that the role of senior political appointees is appropriately bounded and that the central role of peer review and subject-matter expertise is preserved.**

**Specifically, we recommend OMB:**

- Clarify that pre-issuance review by senior appointees under § 200.205 may not displace or supersede scientific merit, scientific need, or expert agency judgment in the evaluation of research and demonstration awards;
- Preserve peer review as a principal basis for assessing scientific and technical merit, with senior review limited to considerations of statutory compliance, fiscal responsibility, and clearly defined program requirements; and
- Narrow post-award termination and suspension authority of senior appointees to ensure that discretionary awards are not discontinued solely on the basis of evolving policy preferences in the absence of noncompliance, statutory conflict, or demonstrated failure to perform.

<u>Award Design, Eligibility, and Funding Restrictions</u>
(2 CFR § 200.202, § 200.218, § 200.219, § 200.300, § 200.401; related provisions)

The proposed rule would impose more prescriptive requirements on federal agencies' design and administration of financial assistance programs, thereby narrowing discretion over

program objectives, recipient eligibility, and allowable uses of funds. Most notably, proposed revisions to § 200.202 would require agencies to ensure that program goals and activities are explicitly "consistent with the public purpose of Federal authorizing legislation and aligned with administration policies and priorities." The rule would also direct agencies to prevent the use of federal funds for activities deemed unrelated to authorized purposes, including those characterized as political in nature. Furthermore, in §200.202(d), OMB proposes to add a paragraph enabling Federal agencies to restrict eligibility for funding to specific categories of nonprofit organizations (e.g., 501(c)(3)), and when they do so, must identify eligible tax classifications in the notice of funding opportunity. However, agencies are not required to list all excluded nonprofit categories, so organizations not explicitly identified may be considered ineligible.

Beyond program design, the proposed rule would also establish new substantive restrictions on the permissible use of federal award funds. Under new § 200.218, agencies and pass-through entities would be directed, to the maximum extent permitted by law, to ensure that awards do not promote or support theories of disparate-impact liability, including by limiting the inclusion of related terms, conditions, or guidance in awards. OMB proposes to define "disparate-impact liability" as a theory under which a facially neutral policy or practice results in a presumption of unlawful discrimination based on disparities in outcomes among protected groups. Recipients likewise would be prohibited from using federal funds for such purposes unless expressly required by law, subject to a narrow exception for internally funded analysis not tied to award activities.

In parallel, proposed revisions to § 200.300 would prohibit the use of federal awards to fund or support three categories of activities: (1) diversity, equity, and inclusion (DEI) or diversity, equity, inclusion, and accessibility (DEIA) practices that violate applicable federal anti-discrimination laws; (2) "gender ideology" as defined by Executive Order 14168; and (3) specified medical interventions for minors referenced in Executive Order 14187.

Additional provisions would further constrain allowable uses of federal funds by limiting certain categories of costs and activities. Notably, the rule would impose stricter conditions on conference participation by requiring explicit agency approval and would restrict the allowability of professional memberships and subscriptions absent specific authorization.

*AAFP Comments on Award Design, Eligibility, and Funding Restrictions*

**The AAFP is concerned that the proposed "Prohibition of Using Federal Awards To Promote or Support Theories of Disparate-Impact Liability" (§ 200.218), absent a clear scientific research safe harbor, may chill lawful, evidence-based, and methodologically rigorous population health research** examining whether neutral policies, delivery models, financing structures, or operational practices produce different effects across patient populations, communities, or care settings. Federal agencies have long recognized and prioritized these analyses as core scientific work. For example, the Agency for Healthcare

Research and Quality's congressionally mandated National Healthcare Quality and Disparities Report is expressly intended to assess differences in access to and quality of care, and the CDC states that its chronic disease programs are committed to collecting and reporting information on chronic disease disparities and inequities as part of scientific quality and integrity.

In health services research, and especially in primary care research, these analyses are essential for identifying where delivery systems and policies may be functioning unevenly in practice, and informing interventions to improve health outcomes at scale. Yet primary care research remains significantly underfunded. Despite accounting for roughly half of all physician office visits and playing a central role in population health, federal support for family medicine research totaled just $115 million in 2024—only 0.31% of overall federal research funding.[ii,iii]

In addition, the proposed imposition of limitations or additional approval requirements for conference participation, professional memberships, publication costs, and other activities central to scientific dissemination and professional engagement would further hinder the ability of family medicine researchers and trainees to present critical findings, participate in scientific networks, publish federally supported and necessary research, and contribute to the advancement of primary care and public health.

This work is particularly critical given the scale and complexity of chronic disease in the United States. The majority of adults live with at least one chronic condition, and many manage multiple conditions that require coordinated, longitudinal, and system-level care.[iv] **Limiting the ability of agencies or researchers to study differential effects across populations risks weakening the evidence base needed to address the very chronic disease burdens that federal health policies and Presidential priorities seek to address.**

**We are also concerned that the broadly framed prohibitions and more prescriptive award criteria across § 200.202 and § 200.300 may produce unintended consequences for the research ecosystem, including nonprofit health care organizations, medical schools and academic medical centers.** Agencies may respond by narrowing the scope of funding opportunities, reviewers may be less likely to advance otherwise meritorious proposals that could be perceived as sensitive, and institutions may avoid pursuing valid analytic approaches. Such responses would not reflect deficiencies in the underlying science, but rather risk-avoidance in the face of regulatory ambiguity. Over time, this dynamic may reduce the diversity of research questions pursued, constrain the populations studied, and limit the practical applicability of federally funded research.

We are particularly concerned by the provision regarding nonprofit eligibility, as it may limit participation by qualified organizations. In practice, many nonprofit organizations engaged in health care delivery, workforce development, public health initiatives, and research operate under a variety of tax designations. A categorical approach to eligibility based on tax

designation risks excluding entities with relevant expertise, established community relationships, and demonstrated ability to serve patient populations. This is particularly relevant in primary care, where partnerships among diverse nonprofit entities are often critical to reaching underserved populations and implementing evidence-based interventions. Accordingly, **the AAFP urges OMB to revise this provision to preserve flexibility in nonprofit eligibility and to ensure that participation in federal financial assistance programs remains based on an organization's capability, performance, and alignment with statutory program goals, rather than tax classification.**

Taken together, these provisions risk misalignment with the principles of scientific integrity and the Administration's stated commitment to "gold-standard" science. As HHS states, gold-standard science is defined by rigor, transparency, reproducibility, and openness to empirically important questions. A framework that discourages inquiry into how policies and care models perform across different populations, or that restricts certain research topics, stands in tension with gold-standard science, and risks leaving critical gaps in the evidence base needed to improve care delivery and health outcomes for all Americans.

Thus, **the AAFP urges OMB to revise the proposed rule to make clear that lawful scientific, epidemiologic, health services, and public health research may continue to examine differences in outcomes, access, utilization, and program effects across populations when those analyses are methodologically sound and consistent with statutory purpose.**

Centralization of OMB Authority and Standardization of Federal Financial Assistance
(2 CFR § 200.102(c), § 200.201(b), § 200.204)

The Uniform Guidance currently states at 2 C.F.R. § 1.105 that publication in the Code of Federal Regulations "does not change its nature—it is guidance, not regulation." However, this rule proposes to reclassify Uniform Guidance as binding regulation rather than interpretive guidance. Further, if finalized, the rule would also eliminate the use of fixed-amount awards and subawards, unless specifically authorized by statute, thereby requiring agencies and recipients to rely on reimbursement-based funding structures tied to actual incurred costs.

*AAFP Comments on Centralization of OMB Authority and Standardization of Federal Financial Assistance*

The proposed reclassification of the Uniform Guidance from interpretive guidance to binding regulation may constrain federal agencies' ability to tailor and adapt grant administration to the evolving operational needs of programs, including vital health care programs. For example, HRSA and CMMI routinely rely on program-level discretion across award conditions and model designs to define and evolve allowable activities, reporting expectations, and implementation approaches in initiatives supporting practice transformation, workforce development, and care coordination. **AAFP is concerned that narrowing this flexibility**

could limit agencies' ability to quickly adapt and align administrative requirements with real-world primary care practice operations, potentially slowing the adoption of innovative care models.

AAFP is also concerned about the proposed elimination of fixed-amount awards and subawards absent express statutory authorization. These award structures play a critical role in enabling agencies and pass-through entities to support discrete primary care activities through milestone- or deliverable-based approaches (e.g., HRSA Rural Health Care Coordination Program). Requiring greater reliance on reimbursement-based funding tied to actual costs incurred would increase administrative requirements and associated operational barriers, particularly for safety-net providers with limited capacity to absorb additional compliance demands. This shift may limit participation in federally funded initiatives, reducing the reach of programs supporting care transformation and improved care outcomes. While we understand this provision's intention to streamline federal financial assistance oversight, we encourage OMB to preserve targeted use of fixed-amount awards for low-risk, discrete primary care interventions to ensure that program integrity objectives do not inadvertently constrain participation and care delivery.

We thank you for the opportunity to provide comments on this important issue. Should you have any questions, please contact Sahana Chakravartti, Regulatory Strategist, at schakravartti@aafp.org.

Sincerely,

Jen Brull, MD, FAAFP
American Academy of Family Physicians, Board Chair

[i] Annenberg Public Policy Center. (n.d.). *Topline results: Confidence in custodians of public health (Wave 28)*. https://www.annenbergpublicpolicycenter.org/wp-content/uploads/aw28-do03-topline-confcomp-v7.pdf
[ii] Milbank Memorial Fund. (2026, February). *2026 Primary care scorecard shows continued underinvestment, workforce strain*. https://www.milbank.org/2026/02/2026-primary-care-scorecard-shows-continued-underinvestment-workforce-strain/
[iii] National Association of Community Health Centers. (2023, February). *Closing the primary care gap: How community health centers can address the nation's primary care crisis*. https://www.nachc.org/wp-content/uploads/2023/06/Closing-the-Primary-Care-Gap_Full-Report_2023_digital-final.pdf
[iv] Centers for Disease Control and Prevention. (n.d.). *Chronic diseases in America*. U.S. Department of Health and Human Services. https://www.cdc.gov/chronic-disease/about/index.html