2026 midterm elections: Democrats win back House and Senate

What health industry executives can expect from the 120th Congress

With Democrats securing majorities[1] in both the House and Senate, healthcare executives can expect a more assertive congressional agenda, increased oversight efforts, and continued legislative gridlock as Democrats and a Republican White House clash on key issues.

Five key takeaways post 2026 midterms



Healthcare organizations will likely face greater scrutiny over costs, coverage and business impact.

Democrats are likely to use congressional hearings, investigations and proposed legislation to focus on healthcare affordability and industry practices, while the White House pursues its own cost-cutting agenda.



Democrats will have more power to shape healthcare policy, but major reforms will remain difficult to pass.

Democrats can advance healthcare legislation through both chambers, but Senate rules and President Trump's veto power will limit what can become law.



Healthcare policy changes could continue even without new laws from Congress.

The White House could increasingly rely on federal agencies, regulations and trade policies to advance its agenda without congressional action.



Republicans have a limited window to advance their remaining priorities.

Before Democrats take control of Congress in January, the lame duck window could provide an opportunity to address the debt ceiling and other republican priorities.



Pressure to lower healthcare costs will continue, regardless of political gridlock.

Affordability and access will remain major concerns for consumers, shaping industry decisions and the healthcare policy debate heading into 2028.

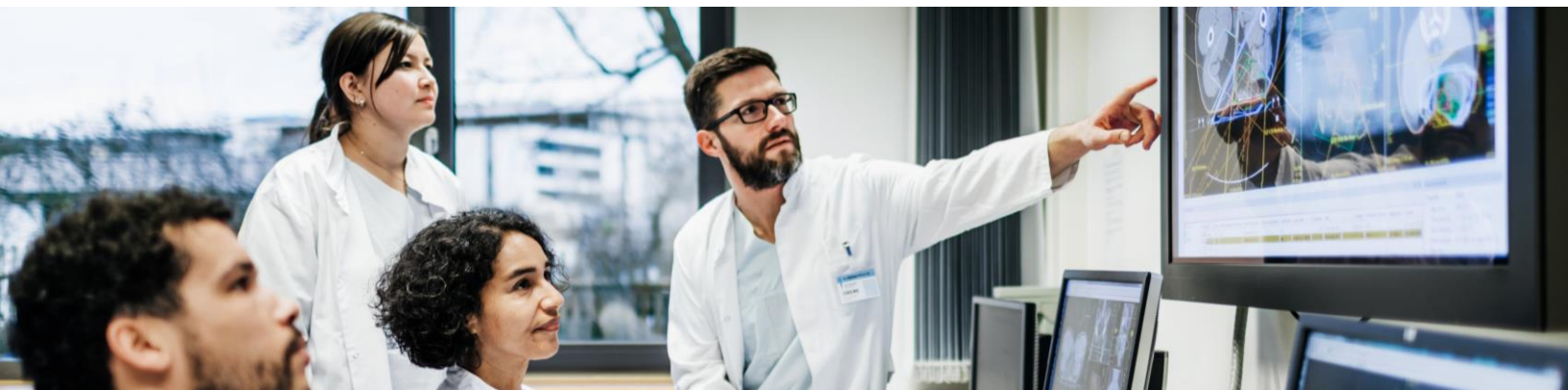
What healthcare executives can expect

With Democrats taking control of both chambers of the 120th Congress, healthcare affordability will take center stage in Washington. Expect more congressional hearings, investigations, and policy proposals focused on healthcare costs, expanding coverage, vertical integration, and industry practices. Democrats will also have a stronger platform to advance their healthcare priorities and build the components of a broader affordability package heading into the 2028 elections[3].

Democratic control gives healthcare legislation a clearer path through Congress, but enactment will remain challenging. With President Trump retaining veto authority, Senate procedural hurdles and narrow majorities limiting the prospects for major reform, targeted bipartisan legislation is most likely to move. Look for action on cybersecurity, AI, price transparency, modernizing drug development and prior authorization processes. Regardless of congressional gridlock, continued regulatory implementation will shape near-term business and compliance requirements.

Congressional control also shifts the balance of power between the White House and Capitol Hill. Democratic leadership brings more aggressive oversight and potential impeachment proceedings, while Senate control constrains the administration's ability to confirm nominees, including a potential Supreme Court justice. In the lame duck, the outgoing Republican Congress will face pressure to advance outstanding fiscal and legislative priorities before its leverage diminishes. Government funding, the debt ceiling and a potential year-end package could create openings to address Republican priorities and advance targeted healthcare measures, including bipartisan proposals on cybersecurity and site-neutral payments. Failure to resolve major fiscal issues could set the stage for more contentious negotiations between a Democratic Congress and a Republican White House in 2027.

Even where legislation stalls, don't dismiss the headlines. Democratic hearings, investigations and proposed bills offer insight into the policies taking shape for 2028, while growing pressure around affordability continues to push the healthcare market toward consumer expectations. Executives who look beyond near-term political conflict, plan for multiple policy scenarios and adapt to evolving consumer demands will be better positioned for potential healthcare reform after 2028.



Subsector analysis

Payers: On the horizon in the next 6 to 12 months

Pace and direction could shift following the midterms through legislative action

	Momentum		Business impact	Vehicle for action
Cybersecurity	■ ■ ■	⌄	Increase in admin burden and tech infrastructure costs	Executive action; legislation possible
Price Transparency	■ ■ ■	^⌄	Increase admin burden; greater pricing intelligence	CMS implementation and potential legislation
Utilization Management	■ ■ ■	⌄	Increase admin burden	CMS requirements and voluntary commitments
Independent Dispute Resolution (IDR)	■ ■ ■	^	Reimbursement uncertainty	Congressional oversight and hearings; agency rulemaking
ACA Subsidies	■ ■ ■	^⌄	Shifts in coverage	Congressional action with possibility for Presidential veto
AI Coverage Decisions/WISeR	■ ■ ■	⌄	Greater oversight of coverage decisions	CMS implementation and potential legislation
Vertical Integration	■ ■ ■	⌄	Greater antitrust exposure; continued momentum on PBM reform	Congressional oversight, potential legislation and continued involvement of the Federal Trade Commission

Implementation in progress; continuing at pace regardless of midterm outcome

	Momentum		Business impact	Vehicle for action
Medicaid Eligibility/Financing (OBBBA)	<>	⌄	Higher admin burden; funding pressure	Executive branch likely to continue current agenda
Medicare Advantage (MA) Payment	<>	^⌄	Revenue impacted by annual rate notice	Annual CMS rate setting and payment policy; executive driven
Fraud, Waste and Abuse	<>	⌄	Higher audit exposure; member roll-off risk	Executive branch likely to continue current agenda

Payers: A double click into each policy

Payer policy activity spans bipartisan legislative priorities and executive action, with the pathway for reform varying by congressional control.



Cybersecurity

Even incidents that do not directly touch connected devices can be viewed as patient safety and supply continuity risk. Bipartisan interest on hill for mandatory minimum standards frameworks for health IT and hospital infrastructure.



AI in Coverage Decisions

The 120th Congress may combine cybersecurity and AI reform into one conversation. At least 14 state level laws enacted in 2026 alone converging on human review of denials, individualized clinical grounds, and AI use disclosure. WISeR CMMI model is current congressional flashpoint.



Price Transparency

Congressional action is possible as this is a low-controversy, high-visibility add-on where both parties can claim success. It has also been a priority under both Trump administrations, with rules for providers and payers intended to lower costs by exposing negotiated prices, though compliance has been limited by low penalties and unusable data files.



Vertical Integration

Scrutiny of vertical integration historically focused on point in time when deals were made. Recent government activity has shifted to scrutinizing existing integrated structures through direct conduct suits, behavioral settlements that force business model changes, and ongoing market surveillance. Democratic House is likely to hold hearings calling attention to scrutiny.



Utilization Management

Federal prior authorization reform has tightened decision timelines and public reporting requirements for government programs through the 2024 final rule, but commercial plans remain largely untouched. A voluntary industry pledge has produced only an 11% reduction in volume. Two bipartisan bills would codify stricter timelines with financial penalties and Star Rating consequences.



Medicaid financing and eligibility

The OBBBA's Medicaid changes are now in executive branch implementation, with restrictions on supplemental payment programs and provider tax arrangements representing the most structurally significant financing shift, while work requirements and eligibility redeterminations move towards implementation phases.



Independent Dispute Resolution (IDR)

The No Surprises Act IDR process is drawing growing congressional scrutiny as dispute volumes and arbitration awards raise questions about healthcare cost impacts. While broader legislative reform remains uncertain, bipartisan interest in improving implementation could support targeted changes. The administration continues to refine eligibility, batching, fees and other IDR operations.



Medicare Advantage Payment

With Medicare Advantage enrollment above 50%, federal payment policy increasingly requires CMS to balance payment accuracy and spending restraint with plan stability and beneficiary choice. Annual rate setting and risk-adjustment changes will continue to shape plan economics, benefit design and market participation, with the 2027 policies reflecting continued focus on program integrity and long-term sustainability.



ACA enhanced advanced premium tax credits (eAPTC)

Premiums have more than doubled for millions of enrollees, a House-passed 3-year extension has stalled in the Senate, and the coverage losses (projected at 4.8 million uninsured) are becoming a central midterm accountability issue with no consensus on a legislative fix.

Fraud, Waste, and Abuse (FWA)

FWA enforcement has shifted from a post-payment recovery model to a screen-and-prevent approach, where the government cuts off funding and asks questions later, with state and federal attorney generals both increasingly active and DOJ FCA recoveries reaching a record $6.8 billion in FY2025, the largest in history, with 83% in healthcare.

Payer no regret actions

- Proactively manage reputational risk and strengthen consumer trust as congressional hearings and oversight increase public scrutiny on industry practices such as affordability, plan quality, antitrust, and coverage.
- Plan for continued Medicare Advantage funding pressures and potential changes aimed at leveling the playing field
- Strengthen price transparency and consumer engagement to help address growing expectations around affordability and access.
- Scenario-plan for potential coverage reforms involving Medicaid, ACA subsidies and broader affordability proposals heading into 2028[4,5].
- Invest in operational efficiency and compliance to manage costs and prepare for evolving regulatory requirements.



Providers: On the horizon in the next 6 to 12 months

Pace and direction could shift following the midterms through legislative action

	Momentum	Business impact	Vehicle for action
Site Neutral Payments	▪▪▪ ⌄	Lower reimbursement; margin pressure	CMS action and potential legislation
Cybersecurity	▪▪▪ ⌄	Increase in admin burden and tech infrastructure costs	Executive action; legislation possible
Price Transparency	▪▪▫ ⌃⌄	Increase admin burden; greater pricing visibility	CMS rulemaking and bipartisan legislation
Utilization Management	▪▪▫ ⌃	Lower admin burden; faster care access	Existing regulations and voluntary commitments
Independent Dispute Resolution (IDR)	▪▪▫ ⌄	Payment recovery risk; reimbursement uncertainty	Congressional oversight; potential targeted legislation; agency implementation
340B Reform	▪▪▫ ⌃⌄	340B savings at risk; cash-flow pressure	HRSA/CMS action and potential legislation
Vertical Integration	▪▪▫ ⌄	Greater antitrust and public scrutiny	Congressional oversight; continued involvement of the Federal Trade Commission

Implementation in progress; continuing at pace regardless of midterm outcome

	Momentum	Business impact	Vehicle for action
Medicaid Eligibility/Financing (OBBBA)	⟨⟩ ⌄	Coverage losses; higher uncompensated care	Executive branch likely to continue current agenda
Tariffs/Trade Policy	⟨⟩ ⌄	Higher supply costs; sourcing shifts	Executive branch likely to continue current agenda
Fraud, Waste and Abuse	⟨⟩ ⌄	Higher audit exposure; payment risk	Executive enforcement via existing authorities

Providers: A double click into each policy



Site Neutral Payments

CMS is expanding payment equalization incrementally while litigation is possible challenging CMS's authority. Congress is building the data infrastructure for broader reform through mandating unique NPIs for off-campus departments. As savings generators, site neutral payment policies are strong candidates for inclusion in a year-end spending package or health extenders deal.



340B Reform

Pressure is mounting to narrow the volume of discounts given through the program. This is coming from manufacturers, Congress and market erosion, though states are pushing back with contract pharmacy protections. Cassidy (Senate HELP) might be looking to push 340B legislation during lame duck; current bill text is fairly positive for pharma.



Cybersecurity

Even incidents that don't directly touch connected devices can be viewed as patient safety and supply continuity risk. Bipartisan interest on hill for mandatory minimum standards frameworks for health IT and hospital infrastructure.



Vertical Integration

Scrutiny of vertical integration historically focused on the point in time when deals were made. Recent government activity has shifted to challenging existing integrated structures through direct conduct suits, behavioral settlements that force business model changes, and ongoing market surveillance. A Democratic House is likely to hold hearings that call attention to the scrutiny.



Price Transparency

Congressional action is possible as this is a low-controversy, high-visibility add-on where both parties can claim success. It has also been a priority under both Trump administrations, with rules for providers and payers intended to lower costs by exposing negotiated prices, though compliance has been limited by low penalties and unusable data files.



Medicaid Financing & Eligibility

The OBBBA's Medicaid changes are now in executive branch implementation, with restrictions on supplemental payment programs and provider tax arrangements representing the most structurally significant financing shift, while work requirements and eligibility redeterminations move towards implementation phases.



Tariffs/Trade Policy

Tariffs and trade policy are a central pillar of the government's economic policy and are not expected to vary based on midterm elections.



Utilization Management

Federal prior authorization reform has tightened decision timelines and public reporting requirements for government programs through the 2024 final rule, but commercial plans remain largely untouched. A voluntary industry pledge has produced only an 11% reduction in volume. Two bipartisan bills would codify stricter timelines with financial penalties and Star Rating consequences.



Independent Dispute Resolution (IDR)

Growing IDR volumes and awards are increasing congressional scrutiny of the process and its impact on healthcare costs. Broader reform remains uncertain, while continued agency implementation creates uncertainty for providers around out-of-network reimbursement and payment recovery.



Fraud, Waste, and Abuse

FWA enforcement has shifted from a post-payment recovery model to a screen-and-prevent approach, where the government cuts off funding and asks questions later, with state and federal attorney generals both increasingly active and DOJ FCA recoveries reaching a record $6.8 billion in FY2025, the largest in history, with 83% in healthcare.

Provider no regret actions

- Assess exposure to congressional oversight of healthcare consolidation, price transparency, and other industry practices.
- Assess exposure to congressional scrutiny of consolidation, pricing and other industry practices.
- Stress-test financial models against potential coverage and reimbursement changes.
- Strengthen price transparency and affordability strategies to prepare for continued consumer pressure and potential reforms.
- Accelerate operational efficiencies to help address continued financial and workforce pressures.

Pharma: On the horizon in the next 6 to 12 months

Pace and direction could shift following the midterms through legislative action

	Momentum		Business impact	Vehicle for action
Drug Development Modernization	■ ■ ■	^	Speed to market; lower R&D cost	FDA action and user fee agreement must-pass legislation
U.S.-China Restrictions	■ ■ ■	v	Supply-chain disruption; partner restrictions	Legislation and national security authorities
340B Reform	■ ■	^	Increase transparency; potential for fewer rebates	HRSA/CMS action and potential legislation

Implementation in progress; continuing at pace regardless of midterm outcome

	Momentum		Business impact	Vehicle for action
Tariffs/Trade Policy	<>	v	Higher import costs; onshoring pressure	Continued executive action
CMMI Models	<>	v	Pricing and launch strategy pressure	CMS model development and implementation
Drug Pricing	<>	v	Pricing pressure	Continued CMS implementation with tweaks via rulemaking
Advertising	<>	v	Promotional constraints; channel shifts	FDA rulemaking expected by end of 2026

Pharma: A double click into each policy

Drug Development Modernization

Interest on the Hill as well as at agencies to bring innovation and development back to the US. Much of the activity may simply smooth various IND steps in effort to speed First in Human trials here in the US. Reforms which incentivize industry to be closer to the early-stage basic research may be monitored for impact to industry.

U.S.-China Biotech Restrictions

Connects to broader cybersecurity and national security conversations and may garner bipartisan support in the new year. Acknowledgement by some on the hill that BIOSECURE was not that impactful right at the same time that folks are realizing just how much of early-stage innovation and even clinical trials are conducted in China.

340B Reform

Pressure is mounting to narrow the volume of discounts given through the program. This is coming from manufactures, Congress and market erosion. Though states are pushing back with contract pharmacy protections. Cassidy (Senate HELP) might be looking to push 340B legislation during lame duck; current bill text is fairly positive for pharma.

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CMMI models

These pricing models turn global pricing strategy into a single, tightly coupled system rather than separable regional decisions. Current legal battle on CMMI's authority. Statute is based on testing innovative models, pharma argues GUARD and GLOBE are mandatory and not a test.

Drug pricing

Senate democrats are teeing up for the next round of drug pricing policies; These are likely to become active debate closer to 2028. They released their proposals this summer to start building momentum.

Advertising

Currently, TV ads can list only major risks and direct consumer to a website for additional information via the "adequate provision". Unified agenda included proposed rule which could close this option and require a 'brief summary' of all side effects. Planned release of proposed rule is set to go out before the end of the year according to the Unified Agenda.

Pharmaceutical & Life Sciences no regret actions

- Scenario-plan for 2028 when pricing & affordability will be back on the table, including the future of MFN policy, 340B reforms, and evolving federal drug pricing policies heading into 2028.
- Proactively manage reputational risk and strengthen consumer trust as congressional hearings and oversight continue public scrutiny of industry practices.
- Strengthen evidence of clinical and economic value to support market access and reimbursement.
- Monitor bipartisan opportunities to modernize drug development and regulatory pathways.



Medtech: On the horizon in the next 6 to 12 months

Pace and direction could shift following the midterms through legislative action

	Momentum		Business impact	Vehicle for action
Site Neutral Payments	■ ■ ■	^ v	Accelerate site-of-care shift	CMS action now; broad expansion needs legislation
U.S.-China Restrictions	■ ■	v	Supply-chain disruption; partner restrictions	Legislation and national security authorities
Cybersecurity	■ ■	v	Higher compliance costs	FDA requirements and guidance; legislation possible

Implementation in progress; continuing at pace regardless of midterm outcome

	Momentum		Business impact	Vehicle for action
Tariffs/Trade Policy	< >	v	Higher import costs; onshoring pressure	Executive action under trade authorities

Medtech: A double click into each policy

Site Neutral Payments

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Medtech no regret actions

- Assess where congressional scrutiny of healthcare costs may overlap with business operations.
- Demonstrate clinical and economic value to support provider purchasing decisions amid financial pressures.
- Assess reimbursement exposure and potential policy changes affecting device utilization and market access.
- Monitor bipartisan legislative opportunities around FDA modernization and regulatory pathways.

Sources

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