

CLIENT ALERT

HHS Announces Major Restructuring and Workforce Reductions

MARCH 28, 2025

On March 27, 2025, citing priorities to reduce agency budget costs and eliminate redundancy among sub-agencies, the U.S. Department of Health and Human Services (HHS) announced that it would be undergoing a significant restructuring—including cutting 20,000 jobs largely from public health agencies. HHS Secretary Robert F. Kennedy Jr. announced these changes in accordance with President Trump’s “Implementing the President’s ‘Department of Government Efficiency’ Workforce Optimization Initiative” Executive Order, dated February 11, 2025.

WORKFORCE REDUCTIONS

As part of Secretary Kennedy’s plans to “Make America Healthy Again,” HHS will lay off 10,000 workers and lose another 10,000 to early retirements or buyout offers. These changes will reduce the HHS workforce by nearly 25 percent, from 82,000 to 62,000 workers.

HHS provided a partial breakdown of the cuts. The restructuring will cut:

- 3,500 jobs at the Food and Drug Administration,
- 2,400 jobs at the Centers for Disease Control,
- 1,200 jobs at the National Institutes of Health, and
- 300 jobs at the Centers for Medicare and Medicaid Services.

According to a related HHS Fact sheet, HHS does not anticipate any future cuts. However, it may, instead, engage in further restructuring.

HHS SUB-AGENCY ELIMINATION AND RESTRUCTURING

HHS will consolidate its 28 divisions into 15 new ones, including a newly announced entity called the Administration for a Healthy America (AHA). The AHA will concentrate on maternal and child health, environmental health, and HIV/AIDS. The AHA will reportedly consist of the merger of the Office of the Assistant Secretary for Health (OASH); the Health Resources and Services Administration (HRSA), which operates the 340B discount drug distribution program for DSH hospitals, children’s hospitals, and other qualified “covered entities”; Substance Abuse and Mental

Health Services Administration (SAMHSA); Agency for Toxic Substances and Disease Registry (ATSDR); and National Institute for Occupational Safety and Health (NIOSH).

The restructuring will also merge and reorganize various HHS sub-agencies, by:

- Moving the Administration for Strategic Preparedness and Response (ASPR), which leads responses and recovery to national disasters and public health emergencies, into the Centers for Disease Control and Prevention (CDC);
- Moving the Assistant Secretary for Planning and Evaluation (ASPE) and the Agency for Healthcare Research and Quality (AHRQ) into the new Office of Strategy; and
- Splitting the Administration for Community Living (ACL), which supports the elderly and those living with disabilities, into other HHS agencies, such as the Administration for Children and Families (ACF), ASPE, and the Centers for Medicare and Medicaid Services (CMS).

HHS will create a new Assistant Secretary for Enforcement position to manage the Departmental Appeals Board (“DAB”), Office of Medicare Hearings and Appeals (OMHA), and Office for Civil Rights (OCR), which, for example, enforces compliance with HIPAA.

The restructuring will also reduce regional offices from ten to five locations.

ASSERTED POLICY GOALS

Secretary Kennedy described the restructuring as “realigning the organization with its core mission” and anticipates that announced cuts to the HHS’s workforce will save \$1.8 billion. The HHS website asserts that Medicare and Medicaid services will not be impacted by the restructuring.

WHAT’S NEXT

Some experts are questioning whether certain aspects of the restructuring are legal. For example, there are concerns about whether SAMHSA will be limited or shut down operationally when folded into the new AHA. SAMHSA is responsible for funding clinics, overseeing the national suicide and crisis hotline, and providing funds for hands-on work in communities. It was created by Congress in 1992 to address addiction and mental health.

Healthcare providers should keep an eye on whether and how the new administration follows through on these organizational changes as the restructuring could impact the way providers receive regulatory guidance, manage program participation requirements, and access relevant data from the affected sub-agencies.

Winston regularly advises clients on health care issues. Reach out to the authors of this post or your regular Winston contacts with any questions.

3 Min Read

Authors

T. Reed Stephens

Milcah A. Zewdie

Jordan Berry

Related Topics

Health and Human Services (HHS)

Trump Administration

Related Capabilities

Health Care

Life Sciences

Related Professionals



T. Reed Stephens



Milcah A. Zewdie



Jordan Berry