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NIH research funding freeze brings disruption

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The Buzz This Week

Disruptions in federal grant funding by the Trump Administration have created significant hurdles for biomedical research overseen by the National Institutes of Health (NIH). These disruptions began on January 22, 2025, when the administration implemented an administrative freeze on federal communications, effectively blocking the NIH from posting new notices in the Federal Register. Compounding the issue, NIH staff have reported receiving conflicting guidance from various federal entities, including the White House, the Office of Medical Policy, the Department of Health and Human Services (HHS), and NIH leadership, leading to widespread confusion and operational challenges within the agency.

Posting meeting notices in the Federal Register at least 15 days in advance is legally required for NIH study sections, which are panels of experts tasked with reviewing research grant proposals and recommending funding decisions.

Due to this freeze, numerous NIH study section meetings were abruptly canceled throughout February, creating a backlog of research grant proposals awaiting review. Additionally, the NIH has been unable to post new calls for grant proposals, further limiting opportunities for researchers seeking federal support.

The administration partially lifted restrictions in late February, allowing some study sections to resume. However, advisory council meetings—which are essential for final grant funding approvals—remain suspended. As a result, approximately \$1.5 billion in NIH research funding decisions are currently stalled, significantly impacting leading research institutions. Among those most affected are institutions that received the highest NIH funding in 2024, including UCSF, Washington University, Yale University, University of Pennsylvania, Vanderbilt University, Johns Hopkins, Stanford, University of Pittsburgh, Columbia University, and University of Michigan.

Further complicating the situation, the Trump Administration proposed a significant reduction to NIH indirect cost payments by capping indirect cost rates at 15%. This is significantly below the historical average of 27–28% and well beneath rates that have been as high as 60% for some institutions in recent years. Indirect costs cover critical research infrastructure, administrative support, and facility maintenance.

On February 10, 2025, a federal judge in Massachusetts issued a temporary stay against these proposed cuts, and 22 states have filed a lawsuit challenging the administration's authority to enact such caps. Federal spending records highlight the severity of the disruption, showing that NIH disbursements are approximately \$1 billion behind 2024 levels at this same time of year.

The cumulative effect of these disruptions has created widespread uncertainty in the medical research community, threatening layoffs, halting projects, and delaying clinical trials.

Why It Matters

Biomedical research funded by NIH grants has historically driven innovations that lead to breakthrough treatments and better patient outcomes. The Association of American Medical Colleges (AAMC) has warned that drastic cuts to NIH-funded research will diminish the nation's research capacity, slow scientific progress, and deprive patients, families, and communities across the country of new treatments, diagnostics, and preventive interventions. The US has long positioned itself as a global leader in biomedical discovery. But significant disruptions to NIH funding could compromise this position and cause delays in advancements worldwide, given that international research often builds upon US discoveries.

Additionally, the instability surrounding NIH funding has created uncertainty for researchers, potentially deterring new talent from pursuing biomedical careers. Reduced funding availability can limit the training opportunities and career trajectories of postgraduate students, ultimately decreasing research productivity and slowing the pace of healthcare innovation.

Already operating on thin margins, healthcare providers face increased financial pressure from these funding delays. Interruptions in clinical trials mean sunk costs in staffing, equipment, and infrastructure—expenses many hospitals and research institutions cannot easily absorb, especially on short notice.

While temporary court orders have mitigated some immediate impacts, healthcare organizations and research institutions must proactively plan for potential long-term disruptions. Top research institutions could lose hundreds of millions of dollars annually if NIH indirect cost reductions take effect, potentially constraining investments in essential research infrastructure and limiting critical progress in medical science. However, the Trump administration argues that by capping indirect costs, more funds will be directed toward direct research activities, potentially increasing the number of funded projects and accelerating medical breakthroughs.

Healthcare organizations must closely monitor developments and maintain operational flexibility. Given the potential scale of NIH funding reductions, academic institutions may need to proactively identify strategies to manage significant revenue shortfalls. These strategies could include optimizing the utilization of research space and equipment; expanding medical school class sizes to increase tuition revenue (provided sufficient instructors, space, and resources are available); focusing research investments on areas with higher strategic value and lower indirect costs; reassessing resource allocation; and exploring alternative funding sources.

Additionally, organizations should advocate for stable and transparent federal research funding processes to sustain ongoing innovation and ensure uninterrupted progress in patient care and clinical outcomes.

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