**IN THE UNITED STATES DISTRICT COURT**
**FOR THE DISTRICT OF MARYLAND**

SOCIETY OF GENERAL INTERNAL MEDICINE,
1500 King Street, Suite 303
Alexandria, VA 22314, and

NORTH AMERICAN PRIMARY CARE RESEARCH GROUP,
11400 Tomahawk Creek Parkway
Suite 24
Leawood, KS 66211,

*Plaintiffs*,

v.

ROBERT F. KENNEDY, JR., in his official capacity as Secretary of Health and Human Services,
200 Independence Ave. SW
Washington, DC 20201,

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES,
200 Independence Ave. SW
Washington, DC 20201,

ROGER D. KLEIN, in his official capacity as Director of the Agency for Healthcare Research and Quality,
5600 Fishers Lane
Rockville, MD 20857, and

AGENCY FOR HEALTHCARE RESEARCH AND QUALITY,
5600 Fishers Lane
Rockville, MD 20857,

*Defendants*.

Civil Action No. 8:25-cv-2751-BAH

**AMENDED AND SUPPLEMENTAL COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF**

1. Congress has long recognized that scientific research into and the promotion of healthcare best practices is crucial to ensuring that Americans receive appropriate, high quality, and high value medical care. *See* 42 U.S.C. § 299(b). To that end, Congress created a centralized hub within the Department of Health and Human Services (HHS) to support healthcare research: the Agency for Healthcare Research and Quality (AHRQ). *Id.* § 299(a). AHRQ is the "principal agency for health care research and quality," *id.* § 299b-1(a)(1), and its statutory responsibilities include conducting research into healthcare practices, supporting other researchers and research institutions through grantmaking, and providing substantial training and technical assistance to healthcare systems and providers nationwide.

2. AHRQ's work focuses on health services research—an area of study that focuses on how our health system works, how to support patients and clinicians in choosing the right care, and how to promote health through improving the delivery of care. AHRQ also works to develop and disseminate research and tools to improve health practices, aiding health systems and clinicians to provide high-quality, safe, and high-value care.

3. AHRQ's work has saved lives and saved money across the healthcare system. For example, AHRQ has estimated that its work on an initiative addressing infections and other conditions that patients can develop while hospitalized helped save 125,000 lives and $28 billion in health system expenditures over just a six-year period. *See* AHRQ, *Building Bridges Between Research and Practice* (2017) (describing interventions in part developed through AHRQ research grants).[1] AHRQ is also the only federal agency focused on billion-dollar issues like how

[1] https://www.ahrq.gov/sites/default/files/wysiwyg/cpi/about/impact/ahrq-works.pdf (last visited Aug. 20, 2026).

to reduce diagnostic errors and how to improve treatment and prevention of chronic diseases through primary care interventions. AHRQ does all this work on a modest budget of around $500 million annually—about .04% of the federal government's expenditures on healthcare.

4. AHRQ carries out a substantial portion of its health-services mandate through grants to researchers at universities and other settings. By statute, Congress has authorized or instructed AHRQ to award grants on a wide range of topics related to the provision of healthcare, from developing healthcare quality measures to supporting improvement of the provision of primary care. *See, e.g.*, 42 U.S.C. § 299a(a); *id.* § 299b-31(c). In fiscal year 2024, of the $369 million that Congress had appropriated for that fiscal year, the agency spent nearly $140 million on research grants. *See* Further Consolidated Appropriations Act, Pub. L. No. 118-47, div. D, tit. II, 138 Stat. 460, 661–62 (Mar. 23, 2024); HHS, *Agency for Healthcare Research and Quality Fiscal Year 2025 Justification of Estimates for Appropriations Committees* at 16 (Fiscal Year 2025 Budget Justification).[2] For fiscal year 2025, Congress again appropriated $369 million to support AHRQ and its grantmaking functions. *See* Full-Year Continuing Appropriations Act, Pub. L. No. 119-4, § 1101, 139 Stat. 9, 10–11 (Mar. 15, 2025). And in fiscal year 2026, Congress appropriated a further $345.38 million to AHRQ, while specifically instructing the agency to maintain sufficient staffing to carry out its duties. *See* Consolidated Appropriations Act, 2026, Pub. L. No. 119-75, 140 Stat. 173, 272, 292 (Feb. 3, 2026).

5. Despite the critical and statutorily required support for health services research that AHRQ provides through its grantmaking program, Defendants Secretary of Health and Human

[2] https://www.ahrq.gov/sites/default/files/wysiwyg/cpi/about/mission/budget/2025/fy2025-cj.pdf (last visited Aug. 20, 2026). In the budget justification, AHRQ noted that it received a total of $373 million in discretionary funding in fiscal year 2024 because it had been separately appropriated funds to support Long COVID research. *See id.*

Services Robert F. Kennedy, Jr., HHS, AHRQ Director Roger D. Klein, and AHRQ have shut down AHRQ's grantmaking program: They have destroyed the agency's capacity to process grant applications, withheld decisions on pending grant applications, and refused to spend appropriated funds on the high-priority healthcare research that Congress wanted the agency to support.

6. In early April 2025, as part of a large-scale restructuring of HHS, HHS fired the AHRQ staff responsible for coordinating external grantmaking, including staff who coordinated the review of new grant applications and who processed and managed grant awards and payment. Immediately following that reduction in force, AHRQ halted its statutorily required peer review of grant applications that had been planned for spring and summer of 2025. In late July 2025, AHRQ gave notice to certain grant applicants that the agency had no more grant administration staff and therefore no ability to issue any grant funding. At the time, the agency admitted that it was at best "uncertain" whether AHRQ could or would spend the funds that Congress appropriated and that the agency had previously budgeted for fiscal year 2025.

7. By the end of fiscal year 2025, on information and belief, AHRQ had spent only $94 million on research grants—about two-thirds of the amount suggested by AHRQ's appropriation and projected budget for that year. And it had left hundreds of grantees and grant applicants waiting for an answer on whether they could continue or start important projects about patient safety, healthcare access, and the quality and efficacy of the care Americans receive.

8. In July 2026, AHRQ issued a blanket denial of continuation funding to approximately 150 grantees who had been waiting a year or more for news about whether their paused projects could continue. AHRQ did so through form letters indicating that continuing the project was not "in the best interest of the Federal Government." Although the letters offered a list of AHRQ's purported priorities, the set of mass denials included many projects focusing on

exactly the healthcare topics AHRQ claims to currently support. These denials—along with the continued stalling of all review of new grant applications—mean that AHRQ now has no plan or path to spend the funds Congress has appropriated to the agency for fiscal year 2026.

9. Defendants' cessation of AHRQ's grantmaking process violates the statutory and regulatory requirements governing the agency's grantmaking process. It has resulted in an unlawful impoundment of millions of dollars that Congress expected and instructed AHRQ to spend on grantmaking and other research functions, over the course of two fiscal years. And it was arbitrary and capricious, as the termination of grantmaking functions, among other things, ignored the substantial reliance interests that grant applicants, the broader research community, and healthcare providers and patients had in the agency's continued funding of health services research. In addition, the halting of AHRQ's grantmaking is unlawfully withholding or unreasonably delaying review and evaluation of grant applicants' research proposals. The Court should declare unlawful and set aside Defendants' cessation of its grantmaking process, its refusal to consider and process grant applications, and its unreasoned denial of continuation funding awards. And the Court should require the agency to restart its grantmaking process, as required by law.

## JURISDICTION AND VENUE

10. This Court has jurisdiction under 28 U.S.C. § 1331 because this action arises under federal law.

11. Venue is proper in this judicial district because at least one defendant resides in this district and a substantial part of the acts or omissions giving rise to the claims occurred in this district. 28 U.S.C. § 1391(e)(1).

## PARTIES

12. Plaintiff Society of General Internal Medicine (SGIM) is a nonprofit membership association headquartered in Alexandria, Virginia. With more than 3,200 members, SGIM is the leading organization for general internal medicine physicians, who work at medical centers throughout the country to provide care for patients, train medical students and residents in internal medicine, and conduct research on innovations in internal medicine and the provision of primary care. SGIM's mission is to cultivate innovative educators, researchers, and clinicians in academic general medicine, leading the way to better health for everyone. To support that mission, SGIM hosts conferences to promote professional development and share the latest research, and it offers grants and other career-development programs to foster the next generation of leaders in internal medicine and primary care. SGIM also publishes the *Journal of General Internal Medicine*, which publishes research on problems in internal medicine, as well as topics such as clinical medicine, epidemiology, prevention, healthcare delivery, and curriculum development. SGIM has members who rely on AHRQ to fund their research, including members with pending applications for new grant funding, as well as members who had applications for continued grant funding denied in July 2026.

13. Plaintiff North American Primary Care Research Group (NAPCRG) is a nonprofit membership organization headquartered in Leawood, Kansas. With more than 1,000 members, NAPCRG is the leading organization for primary care research. NAPCRG is committed to nurturing primary care research that improves health and healthcare for patients, families, and communities. NAPCRG operates a number of programs in support of this mission, including programs to encourage and develop innovative research in family medicine departments, as well as fellowships, awards, and training programs for early-career researchers. NAPCRG also helps disseminate primary care research and provides a forum for collaboration among researchers and

practitioners through its conference programs. In particular, with continuous support from AHRQ grants dating back more than a decade, NAPCRG has run an annual conference for practice-based research networks—an innovative mechanism for primary care providers to study common issues in community-based care and translate research findings into practice. NAPCRG has an application pending with AHRQ for a grant to support that longstanding initiative in future years. NAPCRG also has members who rely on AHRQ to fund their research, including members with pending applications for new grant funding, as well as members who had applications for continued grant funding denied in July 2026.

14. Defendant Robert F. Kennedy, Jr., is the Secretary of Health and Human Services and is sued in his official capacity.

15. Defendant U.S. Department of Health and Human Services is an agency of the United States and is headquartered in Washington, D.C.

16. Defendant Roger D. Klein is the Director of the Agency for Healthcare Research and Quality and is sued in his official capacity.

17. Defendant Agency for Healthcare Research and Quality is an agency of the United States housed within the Department of Health and Human Services and is headquartered in Rockville, Maryland.

## FACTUAL BACKGROUND

### AHRQ's Mandate to Support Health Services Research

18. More than three decades ago, Congress recognized that a "broad base of scientific research" and "the promotion of improvements" in the delivery of healthcare services were essential to "enhanc[ing] the quality, appropriateness, and effectiveness" of the healthcare Americans receive. Omnibus Budget Reconciliation Act of 1989, Pub. L. No. 101-239, § 6103,

103 Stat. 2106, 2189 (1989), *codified at* 42 U.S.C. § 299(b). Accordingly, it created within HHS an agency focused on research, training, and the dissemination of information about healthcare—known at the time as the Agency for Health Care Policy and Research.

19. The Healthcare Research and Quality Act of 1999, Pub. L. No. 106-129, 113 Stat. 1653 (Dec. 6, 1999), an amendment to the Public Health Service Act, redesignated that entity as the Agency for Healthcare Research and Quality and assigned it new statutory duties and powers. *See* 42 U.S.C. § 299(a). AHRQ, a component of the Public Health Service, *id.*, now serves as the federal government's "principal agency for health care research and quality," *id.* § 299b-1(a)(1).

20. By statute, Congress tasked AHRQ with "promot[ing] health care quality improvement by conducting and supporting" research on a variety of topics—including healthcare technology, costs, and quality—and developing ways to disseminate those findings to patients, providers, and policy makers. *Id.* § 299(b). While other HHS agencies conduct and support research into specific diseases, AHRQ is the sole agency charged with understanding the healthcare system as a whole and improving the provision of care to patients throughout the system. AHRQ also serves as "the nation's lead federal agency supporting patient safety research," ensuring that Americans remain safe when they go to the doctor or need to be hospitalized. *See AHRQ: A Brief History*.[3]

21. To ensure that AHRQ fulfills its statutory mission, Congress has required AHRQ to support what is known as "extramural research"—in other words, to offer grants and enter contracts that support health services researchers outside of HHS, including in universities, hospitals, and other research institutions. The Public Health Service Act mandates that AHRQ "shall conduct and support research, evaluations, and training, support demonstration projects,

[3] https://www.ahrq.gov/cpi/about/brief-history.html (last visited Aug. 20, 2026).

research networks, and multidisciplinary centers, provide technical assistance, and disseminate information on health care and on systems for the delivery of such care." 42 U.S.C. § 299a(a); *see also id.* § 299a(b) (authorizing the AHRQ Director to provide "training grants"). The statute also requires AHRQ to provide support for research on specific topics, including through grantmaking. *See, e.g.*, *id*. § 299b(b) (instructing agency to "employ research strategies" that link research with clinical practice and contemplating award of grants for same); *id.* § 299b-1(b) (mandating that HHS, acting through the AHRQ Director, fund, via grant, at least one center focusing on therapeutics research); *id.* § 299b-1(c) (requiring AHRQ Director to "conduct and support research and build private-public partnerships" to "reduc[e] errors" in medicine and "improv[e] patient safety"); *id.* § 299b-4(b) (requiring establishment of a center for primary care research to "serve as the principal source of funding for primary care practice research" within HHS); *id.* § 299b-31(c) (directing the award of "grants, contracts, or intergovernmental agreements to eligible entities for purposes of developing, improving, updating, or expanding quality measures"); *id.* § 299b-34(a) (mandating award of technical assistance grants or contracts related to quality improvement); *id.* § 299b-36(d)(1), (e)(3) (requiring grant programs to develop and test "patient decision aids" and "shared decisionmaking techniques"); *id.* § 299b-37(e) (requiring establishment of grant program to train researchers in comparative clinical effectiveness).

22. The Public Health Service Act requires AHRQ to take certain steps to ensure that it processes and evaluates grant applications appropriately. In particular, the Act instructs AHRQ to conduct "[a]ppropriate technical and scientific peer review … with respect to each application for a grant." *Id.* § 299c-1(a)(1). And it requires that "[e]ach peer review group to which an application is submitted … shall report its finding and recommendations respecting the application to" AHRQ's Director. *Id.* § 299c-1(a)(2).

23. In addition, AHRQ has, by regulation, adopted requirements to govern its grantmaking process. *See* 42 C.F.R. Part 67. Among other things, those regulations mandate that "[a]ll applications" for AHRQ grants, other than certain small grants, "will be submitted … for review to a peer review group" and that the peer review group "shall make a written report … on each application." *Id.* § 67.15(a)(1), (4). The regulations also require that, "[a]fter appropriate peer review," AHRQ "will evaluate applications recommended for further consideration," and on the basis of that evaluation, make a determination as to each application—either "giv[ing] consideration for funding, defer[ring] for a later decision, pending receipt of additional information, or giv[ing] no further consideration for funding." *Id.* § 67.16.

24. Congress has consistently appropriated funds for AHRQ to carry out its grantmaking and other functions. Congress generally appropriates funds for AHRQ's operations on an annual basis. For fiscal year 2024, Congress appropriated $369 million for AHRQ to carry out its duties. *See* Further Consolidated Appropriations Act, Pub. L. No. 118-47, div. D, tit. II, 138 Stat. 460, 661–62 (Mar. 23, 2024). Of that, Congress directed only a small portion—$73.1 million—for AHRQ program support, leaving the rest to be spent on grants, contracts, and other projects to fund health services research and efforts to disseminate research results for use in patient care. *See* S. Rep. No. 118-84 at 156 (2023); Explanatory Statement, Further Consolidated Appropriations Act 2024 – Division D – Labor, Health and Human Services, Education and Related Agencies Appropriations Act, 2024 (indicating that the language in Senate Report 118-84 "is approved and indicates Congressional intent" unless otherwise noted). Congress also directed that at least $2 million be spent on primary care research supported by the statutorily mandated center for primary care research. *See* S. Rep. No. 118-84 at 154. In the budget justification it submitted to Congress at the end of 2024, AHRQ reported that it spent just over

$139 million on research grants using those fiscal year 2024 funds, and that it planned to spend at least that much should it receive similar or additional appropriations from Congress in fiscal year 2025. *See* Fiscal Year 2025 Budget Justification, *supra*, at 16.

25. In March 2025, Congress enacted a continuing resolution that continued to fund AHRQ at the same level—$369 million—through fiscal year 2025. *See* Full-Year Continuing Appropriations Act, Pub. L. No. 119-4, § 1101, 139 Stat. 9, 10–11 (Mar. 15, 2025). Those funds were originally available for expenditure through September 30, 2025.

26. In February 2026, Congress again appropriated a substantial sum for AHRQ to spend on its research mandate, including its grant portfolio. In the Consolidated Appropriations Act, 2026, Congress appropriated $345.38 million for AHRQ to carry out its statutory functions. *See* Pub. L. No. 119-75, 140 Stat. 173, 272 (Feb. 3, 2026). Congress also instructed HHS to "support staffing levels necessary to fulfill its statutory responsibilities including carrying out programs, projects, and activities funded in this title of this Act in a timely manner," including AHRQ's functions. *Id.* at 292. In the joint explanatory statement for the bill, Congress directed that $214.2 million of that appropriation be spent directly on AHRQ's research portfolio. *See* Explanatory Statement, Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2026, at 56.[4]

27. In addition to these annual appropriations, AHRQ receives a substantial mandatory appropriation from the Patient-Centered Outcomes Research (PCOR) Trust Fund, which was created by the Affordable Care Act and is drawn from a tax on insurers. *See* 26 U.S.C. § 9511(a), (b)(4), (d)(2)(C) (creating fund and designating that a portion of appropriated amounts must be transferred to HHS to carry out certain AHRQ functions). AHRQ's mandatory appropriation from

[4] https://docs.house.gov/meetings/RU/RU00/20260121/118889/BILLS-1193ih.pdf.

that fund supports the agency's work to develop and disseminate research findings on patient-centered outcomes and clinical effectiveness—in other words, an approach to research focusing on how to ensure that the healthcare patients receive provides a meaningful and measurable positive impact. Historically, AHRQ has used a portion of its transfers from the PCOR Trust Fund to support training grants to foster "the next generation of researchers" working to "improve the quality of care and patient outcomes." AHRQ, PCOR Trust Fund Investments At-A-Glance.[5] One of the major initiatives under this appropriation was the Learning Health System Embedded Scientist Training and Research (LHS E-StaR) center program, which funded sixteen programs to train scientists in comparative clinical effectiveness. AHRQ, Learning Health System Embedded Scientist Training and Research (LHS E-StaR) Centers.[6] In Fiscal Year 2025, AHRQ received $127 million in mandatory funds from the PCOR Trust Fund. *See* Cong. Res. Serv., *The Agency for Healthcare Research and Quality (AHRQ) Budget: Fact Sheet* 4 (AHRQ Budget Fact Sheet).[7] In fiscal year 2026, AHRQ was set to receive $134 million in mandatory appropriated funds from this source. *Id.*

**Defendants' Unlawful Halting of AHRQ's Grantmaking Function**

28. During his confirmation process, Defendant Kennedy assured members of Congress that, as Secretary, he "looked forward to working with AHRQ to hear their proposals on how they will make America healthy again" and that he would work with Congress "to understand how best AHRQ can support" that health mission. Senate Finance Committee,

[5] https://www.ahrq.gov/pcor/at-a-glance/index.html (last visited Aug. 20, 2026).

[6] https://www.ahrq.gov/pcor/ahrq-pcor-trust-fund-training-projects/pcor-lhs.html (last visited Aug. 20, 2026).

[7] https://www.congress.gov/crs_external_products/R/PDF/R44136/R44136.20.pdf.

Questions for the Record for Robert F. Kennedy, Jr., Nos. 146 & 147.[8] Defendants have instead destroyed AHRQ's ability to carry out key statutory functions—in particular, its ability to support important health services research through grantmaking.

29. In the early morning of Tuesday, April 1, 2025, as part of a large-scale reorganization of HHS without congressional authorization, Defendants Kennedy and HHS (the HHS Defendants) sent a reduction-in-force, or RIF, notice to approximately 123 staffers across AHRQ offices. *See* U.S. Senate Health, Education, Labor & Pensions Committee Minority Staff, Trump's War on Science at 11 (May 13, 2025).[9]

30. The HHS Defendants immediately placed many employees subject to the RIF notice on administrative leave, and they cut off email access just a few hours later. On information and belief, the HHS Defendants did not inform AHRQ staff of any plan to transition the work of those employees.

31. After the RIF notices were sent on April 1, an AHRQ manager sent an email to employees explaining that "[d]ecisions on how today's events would transpire were not shared in advance with AHRQ." Bob Herman & Tara Bannow, *Trump administration begins mass cuts of federal health policy researchers*, STAT News (Apr. 2, 2025).[10] "At th[at] point," he continued, AHRQ leaders "ha[d] more questions than answers" about the RIF.

32. At the close of business on July 14, 2025, AHRQ staff that received the April 1 RIF notice were officially separated from their roles. *See* Rene Marsh, Meg Tirrell & Tami Luhby,

[8] https://www.finance.senate.gov/imo/media/doc/responses_to_questions_for_the_record_to_robert_f_kennedy_jrpart2.pdf.

[9] https://www.sanders.senate.gov/wp-content/uploads/HELP-Committee-Minority-Report-Trumps-War-on-Science.pdf.

[10] https://www.statnews.com/2025/04/02/trump-administration-begins-mass-cuts-of-federal-health-policy-researchers/.

*HHS carries out mass firings across health agencies after Supreme Court decision*, CNN (July 14, 2025).[11]

33. Although AHRQ is required by statute to make grants to support research into primary care, clinical effectiveness, patient safety, and other key issues related to how and how well care is delivered to patients, the HHS Defendants' termination of AHRQ employees halted AHRQ's grantmaking program. AHRQ and Defendant Klein stopped considering pending grant applications.

34. The RIF eliminated all relevant grant staff from the Office of Extramural Research, Education, and Priority Populations (OEREP), including the project officers with scientific expertise in health services research who had crafted notices for funding opportunities and reviewed and processed grant applications. Following the RIF notice and placement of key OEREP employees on administrative leave, AHRQ did not hold any of the previously scheduled meetings of the study sections that peer review grant applications, and it has not scheduled any new meetings. Although AHRQ's website had, as of February 1, 2025, indicated that those study sections were set to meet in May and June of 2025, the agency later removed that information from its website. And while the agency generally publishes notices of those peer review meetings in the Federal Register, *see, e.g.*, Notice of Meeting, 89 Fed. Reg. 104155 (Dec. 20, 2024), it has not posted any notices of any meetings since December 2024. Without these meetings, AHRQ cannot fulfill its statutory mandate to peer review all grant applications, 42 U.S.C. § 299c-1(a), and it cannot otherwise approve new grant awards, in violation of its statutory mandate to support health services research through external grantmaking.

[11] https://www.cnn.com/2025/07/14/health/hhs-layoffs-supreme-court.

35. The RIF also covered all of the grants management staff within the agency's Office of Management Services (OMS). That staff was responsible for the logistics of all AHRQ grants, including issuing grant awards and monitoring compliance with HHS regulations and other rules. That staff also played a key role in awarding continuation funding for current grantees. Although AHRQ grants typically cover a multi-year project period—during which the agency intends to support the project without requiring a full, competitive process—grantees must apply for non-competing continuation awards each year. On information and belief, the agency has typically granted continuation awards unless there is some malfeasance on the part of the grantee, issue with the project, or lapse in funding.

36. In the weeks between the April 1, 2025, RIF notice and the July 14, 2025, separation date, AHRQ required some OMS staff to continue working so that they could process non-competing applications for continuation awards for existing grantees. Still, the agency did not approve a single new award for grant funding during that time.

37. After the RIF was finalized in mid-July 2025, AHRQ grantmaking ground to a halt. On July 23, 2025, the Director of OEREP sent an email to a group of grantees who had been waiting for an answer on their applications for continuation awards. The email stated: "As a result of recent reduction in force at HHS, AHRQ's grants management staff were separated from Federal service on July 14, 2025. We are currently unable to process grant awards and are evaluating options for our grant program." The email went on to warn that, "[w]ith the permanent separat[ion] of these staff, FY2025 funding of non-competing applications [wa]s uncertain."

38. Plaintiffs filed this lawsuit in August 2025. *See* Compl., ECF No. 1. In September 2025, on the eve of a hearing on Plaintiffs' then-pending motion for a preliminary injunction, AHRQ announced the awarding of a small number of continuation awards. *See* Tr. of Motion

Hearing at 29:13–21, ECF No. 18. At the hearing on Plaintiffs' motion, AHRQ reported that it had outsourced the processing of those grant awards to other HHS components, and that there were ongoing discussions about how to restart AHRQ's grant program—including by asking the National Institutes of Health to handle the peer review of applications for new grant-funded projects. *Id.* at 30:10–23.

39. By the end of last fiscal year, on September 30, 2025, AHRQ had not come anywhere close to spending all of the funds that Congress had appropriated and expected it to use to fund research grants. According to HHS's Tracking Accountability in Government Grants System (TAGGS) database, a publicly available database of grantmaking by AHRQ and other HHS components, AHRQ ultimately spent only $94 million on research grants in fiscal year 2025. That amount is tens of millions of dollars less than the amount suggested by AHRQ's appropriation for that year. In September 2025, this Court ordered Defendants to preserve and set aside $70 million in remaining funding from AHRQ's fiscal year 2025 appropriation so that those funds would not revert to the Treasury and could be available for ultimate relief in this case. *See* Order, ECF No. 27 (Sept. 29, 2025).

40. Over the intervening months, Defendants' promised restarting of AHRQ's grant program did not occur. In March 2026, AHRQ pulled down all of its active notices of funding opportunities from NIH's Guide for Grants and Contracts. Since then, AHRQ has not posted any new requests for applications or program announcements. AHRQ is not currently accepting applications, and there is no way to submit a grant application to AHRQ. *See* AHRQ, Notices of Funding Opportunities.[12]

[12] https://www.ahrq.gov/funding/fund-opps/index.html (last visited Aug. 20, 2026).

41. Since the winter of 2025, AHRQ has not held a single peer review meeting to review the now months- or years-old applications still pending before the agency.

42. AHRQ did not process any requests for continuation funding between October 2025 and April 2026. Since mid-April, the agency has approved a few dozen continuation awards, according to the TAGGS database. In total, AHRQ has spent only $17 million on grants in the first eleven months of the fiscal year, less than 15 percent of what the agency spent out of a similar appropriation in fiscal year 2024.

43. On July 15, 2026, AHRQ issued a mass set of denials of approximately 150 existing grantees' applications for continuation awards. On information and belief, the decision to deny continuation funding *en masse* reached a substantial majority of the still-pending requests from existing grantees. Given the halt of grant processing that had begun more than a year prior, many of those grantees had not received any funding from AHRQ for more than a year and had been waiting for news on whether they would receive a continuation award for at least as long.

44. On information and belief, the denials of continuation funding reached at least 134 grantees with individual research grants funded out of AHRQ's annual appropriation, as well as 16 different Learning Health System Embedded Scientist Training and Research (LHS E-StaR) centers funded out of the PCOR Trust Fund appropriation. *See* AcademyHealth, *Non-Continuation of AHRQ Research and Training Awards: Sequence, Authority, and Portfolio Composition* 2–3, 6 (Aug. 9, 2026) (AcademyHealth Report).[13]

45. AHRQ effectuated the denials of individual research grants through form letters signed by the "AHRQ Grant Management Office." The letters did not name a specific individual

[13] https://academyhealth.org/sites/default/files/publication/%5Bfield_date%3Acustom%3AY%5D-%5Bfield_date%3Acustom%3Am%5D/non-continuationahrqawardsaug2026.pdf.

signatory, as would typically be the case for such grant management decisions. And it is entirely unclear who made these decisions or processed the notices of non-awards, given Defendants' RIF, a year prior, of all grants management staff.

46. The form termination letter that AHRQ sent to individual research grantees on July 15, 2026, was stylized as a "notice of non-award" "pursuant to 42 C.F.R. § 67.17(d and e)." 42 C.F.R. § 67.17(d) provides that grants are generally for one-year periods, and that grantees must submit separate applications for continuation awards to receive additional funding. That provision also lays out the factors that govern those continuation-award decisions. The regulation states that "[d]ecisions regarding continuation awards and the funding level of such awards will be made after consideration of such factors as the grantee's progress and management practices and the availability of funds. In all cases, continuation awards require a determination by the Administrator that continuation is in the best interest of the Federal Government." *Id.* Meanwhile, 42 C.F.R. § 67.17(e) provides that "[n]either the approval of any application nor the award of any grant commits or obligates the Federal Government in any way to make any additional, supplemental, continuation, or other award with respect to any approved application."

47. In the mass-issued non-award letters, AHRQ did not provide any grant-specific reasoning for the decision to deny continuation funding. The form letters did not discuss the factors mentioned in 42 C.F.R. § 67.17(d), such as the grantee's progress, how the grant had been managed thus far, or the availability of funds. The form letters likewise did not mention 42 C.F.R. § 67.17(h), which sets out a process for reevaluating ongoing projects through mid-stream peer review, again focused on factors such as how the project has progressed, how appropriately the grantee has managed the project, and how adequate the plan and budget are for completing the project in the remaining time. Rather, through these form letters, AHRQ has apparently taken the

position that it can deny continuation funding whenever it determines that continuation is not "in the best interest of the Federal Government," regardless of the reason and without any project-specific explanation.

48. In each notice of non-award, AHRQ offered only a boilerplate explanation that the agency was "adjusting its discretionary health services research award portfolio" to focus on a series of listed "priorities to best serve the interests of the Federal Government." Those "current priorities" for "agency resources," according to the form letter, include "patient safety, preventing antibiotic resistance, telehealth, overmedication of children, use of digital health tools to improve health, long COVID, artificial intelligence, nutrition, furthering understanding of autism, promoting research focused on scientifically valid, measurable health outcomes and solution-oriented approaches in health disparities research."

49. In those form letters, AHRQ did not make any formal determination that the non-awarded project fell outside of those priority areas, nor did it otherwise offer any project-specific justification. Critically, many of the grantees who received these notices of non-awards were pursing projects that fit comfortably within these stated priorities. *See* AcademyHealth Report, *supra*, at 3. The projects include, among others, ones testing or developing integrated strategies to improve both patient and healthcare worker safety; digital screening tools to support autism diagnosis; artificial intelligence tools to manage diabetes; and machine-learning tools to help triage patients in emergency departments. *See* Academy Health, Research Interrupted: Explore the Cancelled Grants;[14] *see also* Katrina Miller, *Health Care Agency Discontinues Dozens of Active Research Awards*, N.Y. Times (July 23, 2026);[15] Ryan Quinn, *An Agency That Supports*

[14] https://researchinterrupted.academyhealth.org/#table-section.

[15] https://www.nytimes.com/2026/07/23/science/health-research-funding-ahrq.html.

*Health-Care Improvement Cuts Off Grant Funding*, Inside Higher Ed (July 19, 2026).[16]

50. For the sixteen Learning Health Centers that received notices of non-continuation, AHRQ offered a slightly different explanation: The agency again stated that continuation awards required a determination that continuation is in the best interests of the Federal government. It then stated that AHRQ had canceled the "program through which [the] grant was previously awarded," as well as the contract for the program's administration, on the basis that they were not in the best interest of the government, "resulting in the unavailability of funds necessary to continue the award." *See* AcademyHealth Report, *supra*, at 6–7. The non-award letters for these 16 grants failed to acknowledge that any apparent unavailability of funds was entirely self-inflicted, as a result of AHRQ's own decision to cancel the overarching project contract. And the letters did not acknowledge that halting this program is contrary to an express directive from Congress, which has instructed the agency to "build capacity for comparative clinical effectiveness research by establishing a grant program that provides for the training of researchers in the methods used to conduct such research." 42 U.S.C. § 299b-37(e).

51. According to data collected from the health services advocacy and research organization AcademyHealth, based on information reported by affected grantees, the notices of non-awards reached approximately 150 different projects. The federal government had already invested $122 million in funding for those projects but now will not see usable results from those investments. On information and belief, the mass denial of continuation awards, taken together, represents at least $50 million in continuation funding that would ordinarily have been drawn from the fiscal year 2026 appropriation, and that AHRQ was positioned to obligate but now will

[16] https://www.insidehighered.com/news/government/science-research-policy/2026/07/19/agency-supports-health-care-improvement-cuts.

not. AHRQ has given no indication that it plans to reallocate those funds to some other permissible purpose, or that it has any ability to do so before the end of the fiscal year on September 30, 2026.

52. In short, Defendants' actions have eliminated AHRQ's ability to operate the grant programs required by statute. *See supra* ¶¶ 19–21 (listing statutory requirements).

53. As discussed above (*supra* ¶¶ 24–25, 39), AHRQ did not spend a large portion of the substantial appropriation Congress directed it to use in fiscal year 2025 for external grantmaking.

54. AHRQ likewise has no ability or plan to spend the substantial appropriation that Congress has directed it to use for external grantmaking this fiscal year. *See supra* ¶¶ 26, 42, 51 (describing AHRQ appropriations and spending for fiscal year 2026). According to the TAGGS database, AHRQ has spent only about $17 million on grants out of its fiscal year 2026 appropriations. Because the agency is no longer accepting or reviewing applications for new grant awards, has denied most of the pending requests for continuation funding from existing grantees, and, on information and belief, has no plans to redirect appropriated funds to other permissible purposes, AHRQ now cannot spend the tens of millions of dollars that remain in its fiscal year 2026 appropriation.

**Harm to Plaintiffs**

55. Defendants have a statutory responsibility to peer review and process grant applications, and to spend the money that Congress appropriated for critical health services research. They also have a statutory obligation under the Administrative Procedure Act (APA) to engage in reasoned decisionmaking. The actions described above that Defendants have taken in violation of those statutory mandates have harmed Plaintiffs' members, as well as Plaintiff NAPCRG directly.

56. Defendants' unlawful action shutting down AHRQ's grantmaking function has directly harmed Plaintiffs' members. Each Plaintiff has members who had received AHRQ grant funding, who had spent a year or more waiting for news on their continuation-award applications, and who, on July 15, 2026, received formulaic notices of non-award from the agency. Those members have been left scrambling, without funding for ongoing projects or programs that they had anticipated would receive support from AHRQ, potentially for years to come.

57. Each Plaintiff also has members with pending applications for new projects that AHRQ can no longer and will no longer review. Some of those pending grant applications have already gone through the agency's peer review process and were ranked highly, indicating that these members would have almost certainly received funding were the agency capable of issuing—and willing to issue—new grant awards. Other members have pending grant applications that have not yet been reviewed. But AHRQ is no longer putting those grant applications through the statutorily required review process.

58. Plaintiffs' potential grantee members are, as a direct result of Defendants' unlawful halting of AHRQ's grant program, not receiving adequate and timely responses to their applications. In effect, they have no way of competing for the funding that Congress appropriated to the agency for grant-supported research. These members have wasted hundreds of hours putting together applications that will never be reviewed—time that could have been spent pursuing alternate funding sources.

59. As a result of Defendants' actions, Plaintiffs' researcher-members have been stymied in their ability to plan for or carry out important research work into healthcare efficacy and quality, patient safety, primary care practice, and other topics central to both Plaintiffs' and AHRQ's missions.

60. In addition, Defendants' halting of AHRQ's grantmaking has harmed Plaintiff NAPCRG directly. As part of its statutory obligation to "employ research strategies and mechanisms that will link research directly with clinical practice," 42 U.S.C. § 299b(b)(1), AHRQ has consistently provided grant funding to NAPCRG to host a conference for practice-based research networks across the country. NAPCRG has had a grant application seeking funding for this conference in future years pending for well over a year. Because AHRQ's grantmaking has halted, NAPCRG has no way to compete for that funding, forcing the organization to cancel its planned conference for 2026.

## CLAIMS FOR RELIEF

### COUNT I
### (APA – Contrary to the Public Health Service Act and AHRQ Regulations)

61. The APA directs courts to hold unlawful and set aside agency actions that are "not in accordance with law." 5 U.S.C. § 706(2)(A).

62. The Public Health Service Act tasks AHRQ with awarding grants to support health services research, with specific mandates to support research into primary care, quality measures, shared patient-clinician decisionmaking techniques, and more. *See* 42 U.S.C. §§ 299b-1(b)–(c), 299b-4(b), 299b-31(c), 299b-34(a), 299b-36(d)(1) & (e)(3), 299b-37(e). The statute also mandates that "appropriate technical and scientific peer review shall be conducted with respect to each application for a grant … under this subchapter," and that peer review groups "shall report [their] finding[s] and recommendations respecting" each application to AHRQ's Director. *Id.* § 299c-1(a)(1)–(2).

63. AHRQ is also required by regulation to take steps to carry out its grantmaking program. The relevant regulation mandates that "[a]ll applications" for AHRQ grants, other than certain small grants, "will be submitted … for review to a peer review group," and that the peer

review group "shall make a written report … on each application." 42 C.F.R. § 67.15(a)(1), (4). In addition, the regulation requires that, after applications go through "appropriate peer review," AHRQ "will evaluate applications recommended for further consideration," and on the basis of that evaluation, make a determination as to each application. *Id.* § 67.16. The agency must either "give consideration for funding, defer for a later decision, pending receipt of additional information, or give no further consideration for funding." *Id.*

64. Although AHRQ regulations make clear that award funding for multi-year grants is issued in one-year increments, and that the funding for every year of the grant period is not guaranteed, those regulations provide guideposts for how the agency must make continuation-funding decisions. *See id.* § 67.17(e), (f), (h).

65. Defendants' cessation of AHRQ's grants program—including by not processing grant applications and deciding without explanation that approximately 150 existing grants are no longer in the "best interest of the Federal Government"—is in violation of the Public Health Service Act and relevant AHRQ regulations.

**COUNT II**
**(APA – Contrary to Fiscal Year 2025 Appropriations Statutes)**

66. The APA directs courts to hold unlawful and set aside agency actions that are "not in accordance with law." 5 U.S.C. § 706(2)(A).

67. In the April 2025 continuing resolution, Congress appropriated $369 million to AHRQ for Fiscal Year 2025. *See* Pub. L. No. 119-4, § 1101, 139 Stat. at 10–11; Pub. L. No. 118-47, 138 Stat. at 661–62. In fiscal year 2025, AHRQ also received by statute $127 million in mandatory appropriated funds from the Patient-Centered Outcomes Research Trust Fund. *See* AHRQ Budget Fact Sheet, *supra*, at 4.

68. Defendants' cessation of AHRQ's grant program made it impossible for AHRQ to obligate tens of millions of dollars of funds that Congress appropriated to AHRQ to support health services research. Defendants' actions therefore violate the appropriations statutes mandating that the agency expend funds.

**COUNT III**
**(APA – Contrary to Fiscal Year 2026 Appropriations Statutes)**

69. The APA directs courts to hold unlawful and set aside agency actions that are "not in accordance with law." 5 U.S.C. § 706(2)(A).

70. In the Consolidated Appropriations Act, 2026, Congress appropriated $345.38 million for AHRQ to carry out its statutory functions. *See* Pub. L. No. 119-75, 140 Stat. 173, 272 (Feb. 3, 2026). Congress also instructed HHS to "support staffing levels necessary to fulfill its statutory responsibilities including carrying out programs, projects, and activities funded in this title of this Act in a timely manner," including AHRQ's functions. *Id.* at 292. This fiscal year, AHRQ also is set to receive $134 million in mandatory appropriated funds from the Patient-Centered Outcomes Research Trust Fund. *See* AHRQ Budget Fact Sheet, *supra*, at 4.

71. Defendants' cessation of AHRQ's grant program, including its stalling of all peer review and mass denial of continuation funding, has made it impossible for AHRQ to obligate the funds that Congress has appropriated to it to support health services research. Defendants' actions therefore violate the appropriations statutes mandating that the agency expend funds.

**COUNT IV**
**(APA – Contrary to the Impoundment Control Act)**

72. The APA directs courts to hold unlawful and set aside agency actions that are "not in accordance with law." 5 U.S.C. § 706(2)(A).

73. The Impoundment Control Act requires the executive to make appropriated funds "available for obligation" unless the President sends a special message to Congress detailing a

request to rescind or reserve funds and Congress then passes a recission bill rescinding the funding. 2 U.S.C. § 683(b).

74. The President has not sent a special message to Congress requesting that the funds appropriated for AHRQ grants be rescinded, and Congress has not rescinded the appropriations.

75. The Impoundment Control Act also requires the President to send a special message to Congress whenever the executive proposes to defer spending appropriated funds, and it prohibits deferral of any budget authority except to provide for contingencies, to achieve savings made possible by changed requirements or greater efficiency, or as otherwise specifically provided by law. *Id.* § 684.

76. The President has not sent a special message to Congress requesting deferral of the budget authority for AHRQ grants, and none of the statutory circumstances that would permit such a deferral are applicable.

77. By making it impossible for AHRQ to spend the funds appropriated to it for grantmaking fiscal years 2025 and 2026, or otherwise refusing to spend those funds, Defendants have deferred or rescinded funds in a manner contrary to the Impoundment Control Act, in violation of the APA.

**COUNT V**
**(APA – Arbitrary and Capricious)**

78. The APA directs courts to hold unlawful and set aside agency actions that are "arbitrary" or "capricious." 5 U.S.C. § 706(2)(A).

79. Defendants have offered no reasoned explanation for halting AHRQ's grantmaking capabilities and have failed to account for the reliance interests of the researchers, healthcare providers, patients, nonprofit organizations, and other stakeholders that benefit from AHRQ's provision of grant support for health services and other important research.

80. Defendants also failed to act reasonably or reasonably explain their decision to engage in a mass denial of continuation awards for existing AHRQ grantees. Although the agency invoked a regulation requiring AHRQ to determine that continuation funding is in the "best interest of the Federal Government," AHRQ did not evaluate any of the grant-specific factors that typically go into such determination, such as a grantee's progress or the availability of funding. To the extent the agency offered any explanation at all, AHRQ's invocation of a new set of agency funding "priorities" is inadequate to explain the mass denial of continuation awards. Among other things, many of the projects for which Defendants denied continuation funding fall comfortably within the set of priorities that Defendants now purport to pursue.

81. By halting AHRQ's grantmaking program, Defendants have acted arbitrarily and capriciously.

**COUNT VI**
**(APA – Agency Action Unlawfully Withheld/Unreasonably Delayed)**

82. The APA provides that, "within a reasonable time, each agency shall proceed to conclude a matter presented to it." 5 U.S.C. § 555(b). Accordingly, the APA authorizes a court to "compel agency action unlawfully withheld or unreasonably delayed." *Id.* § 706(1).

83. The Public Health Service Act requires that AHRQ "shall" conduct "[a]ppropriate technical and scientific peer review with respect to each application for a grant" and that those peer review groups "shall report [their] finding[s] and recommendations" for each application. 42 U.S.C. § 299c-1(a). In addition, AHRQ regulations require that the agency "submit[]" "[a]ll applications" for AHRQ grants "to a peer review group," instruct that those peer review groups "shall make a written report … on each application," and mandate that AHRQ ultimately decide whether to grant, defer a decision, or deny funding as to each application. 42 C.F.R. §§ 67.15–16. Accordingly, AHRQ is required by law to submit grant applications to peer review groups, enable

those peer review groups to review and issue written reports on grant applications, evaluate the results of those peer reviews, and ultimately render a decision on each application.

84. By halting AHRQ's grantmaking program, Defendants have ensured that AHRQ cannot satisfy its obligations to process, review, and evaluate applications for new grant funding.

85. Given the upcoming expiration of fiscal year 2026 funds on September 30, Defendants' failure to act on AHRQ grant applications is agency action unlawfully withheld and/or unreasonably delayed.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiffs pray that this Court:

a. Declare that Defendants' action halting AHRQ grantmaking functions, including by refusing to consider new grant applications and denying continuing grant applications *en masse*, is contrary to law and/or arbitrary and capricious;

b. Declare unlawful and set aside as arbitrary, capricious, an abuse of discretion, or otherwise contrary to law Defendants' action rendering non-functional and halting AHRQ's grantmaking program;

c. Declare unlawful and set aside as arbitrary, capricious, an abuse of discretion, or otherwise contrary to law Defendants' mass denial of continuation awards for existing AHRQ grantees;

d. Enter an order pursuant to 5 U.S.C. § 706(1) compelling Defendants to undertake statutorily required steps to peer review and evaluate pending new grant applications and to award new grants;

e. Enjoin Defendants from taking any steps that hinder AHRQ's ability to perform its statutorily mandated grantmaking tasks;

f. Enter an order extending the deadline for obligation of funds appropriated to AHRQ and AHRQ services for fiscal years 2025 and 2026 to allow for effective final relief;

g. Award Plaintiffs their costs and attorneys' fees for this action; and

h. Grant any other relief as this Court deems appropriate.

Dated: August 21, 2026

Respectfully submitted,

*/s/ Stephanie B. Garlock*

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