



KHA's Federal Advocate

May 14, 2025

Medicaid Markup Continues and Navigates Kansas Impacts

House committees continue to mark up their portions of the “One Big Beautiful” budget reconciliation bill, with the House Energy and Commerce Committee advancing the health provisions today on a vote of 30-24. Kansas Hospital Association staff have been busy working with the Kansas Congressional Delegation to help address providers’ concerns. After seeing the Energy and Commerce Committee’s original text, we identified that the primary concern for Kansas hospitals was the bill’s cap on provider assessment increases. While it did not cap provider tax rates across the board, it did prohibit states from increasing their own provider tax rates in the future.

Kansas’ provider tax rate is in the process of being increased from three percent to six percent, so the prohibition’s trigger date and mechanism is of significant importance. The original draft text said the provider tax rate could remain at the rate at which it had been imposed as of the bill’s enactment date. “Imposed” for this purpose means created by the state through statute or executive action, so Kansas’ percentage increase does not appear to be prohibited by the bill.

However, a second relevant section of the original draft caps state-directed payments at the Medicare rate but allows for the grandfathering of SDPs at the average commercial rate as long as these rates were approved prior to the bill’s enactment date. Approval relies on the Centers for Medicare & Medicaid Services action. We have seen this take a long time. We immediately flagged this discrepancy for our delegation. Congressman Derek Schmidt (R-KS) worked to figure out how the trigger mechanism for grandfathering SDPs could be brought in line with the trigger mechanism for the cap on provider tax rates.

We received word yesterday before the markup our efforts paid off. Chair Brett Guthrie (R-KY) relayed that he intended to introduce a pre-approved, so-called “manager’s amendment” to the bill allowing SDP rate grandfathering for any plan whose pre-print had been submitted to CMS by the bill’s date of enactment. This takes care of concerns regarding anything submitted by the Kansas Department of Health and Environment pursuant to the work done in the 2024 Kansas legislative session. However, this potentially leaves out the recently passed state bill allowing Kansas’ Critical Access Hospitals to participate and receive additional support in the state’s provider assessment program.

KDHE has not had sufficient time to draft its pre-print to CMS on this CAH change. While it is likely that the bill will not go into effect until sometime mid-summer at the earliest, the current reconciliation language does not leave much time for KDHE to complete its work and submit its pre-print. We continue to work with our delegation to identify what else can be done to make the SDP grandfathering provision's trigger similar to the provider tax increase prohibition's trigger. We know that Chair Guthrie is aware of our ongoing concerns, which he discussed last night on the House floor with Congressman Tracey Mann (R-KS).

We appreciate all the work that our members of Congress have been doing to address our state-specific concerns. We continue to relay that all of these various caps and prohibitions will have long-term effects on Medicaid in the state of Kansas. Presuming the remaining reconciliation bill drafts are approved by their committees of jurisdiction, it is possible that the House could take up the entire bill as early as next week. After it has passed through the House it would go to the Senate, where changes would likely be made.

Member CEOs have received information on a KHA member advocacy huddle tomorrow morning at 8:30am. If interested in joining the Zoom call, please contact your CEO. If you did not receive the huddle information, please contact [Jaron Caffrey](#).