



KHA's Federal Advocate

June 18, 2025

Senate Finance Committee Releases Draft of Budget Reconciliation Bill

The Senate Finance Committee released its draft of the “One Big Beautiful Bill Act” and the accompanying Medicaid provisions this week. This release was well timed as Kansas Hospital Association staff traveled to Washington, D.C. to defend Kansas' Provider Tax Program.

The Senate's draft Medicaid provisions go farther in cutting state provider tax programs than do the relevant provisions of the House-passed bill. This is a departure from the normal order in which the Senate usually softens House language. These changes were made at the behest of a vocal group of senators who are arguing for more cuts overall to bring down the bill's price tag.

KHA's main Kansas-specific concern regarding the One Big Beautiful Bill Act is to ensure the state maintains programmatic Medicaid funding, particularly as it relates to provider taxes. The House-passed bill appears to achieve this goal, both in terms of maintaining Kansas' newly adopted rates and state-directed payment distribution method. The Senate draft protects the rates, but it prohibits Critical Access Hospitals and Rural Emergency Hospitals from the SDP pool. Any new changes to SDPs that would be grandfathered in must have been approved (or a good faith effort must have been made to get them approved) by the Centers for Medicare & Medicaid Services by May 1, 2025. The six percent rate increase and subsequent SDPs for Prospective Payment System hospitals fall under the good faith clause. The newly passed inclusion of CAHs and REHs has not been submitted to or approved by CMS yet.

Additionally, the Senate draft phases out grandfathered SDP rates, eventually capping non-expansion states at rates no higher than 110 percent of Medicare rates. It does this by reducing each state's rate by 10 percent each year starting in 2027 until the permanent cap is reached. Any new SDPs put in place after the bill's date of enactment would be immediately subject to the 110 percent of Medicare cap.

Yesterday evening, the KHA group had a long meeting with Senator Jerry Moran (R-KS) outlining our concerns regarding the Senate provider tax language. He was very receptive and told us he wants to work with Senate Republican leadership to make changes to protect Kansas. The field of play lies somewhere between the House-passed language on one end, and the Senate Finance Committee draft language on the other. On this matter, we prefer the House language

and relayed this to Senator Moran, Senator Roger Marshall's staff and the House offices we met with.

This situation is extremely fluid, and changes are likely. Senate Republican leadership intends to bypass committee action and go straight to the floor as soon as possible, maybe as early as next week. KHA will be holding a member huddle this at 9:00 a.m. Friday at 9:00 a.m. to discuss the One Big Beautiful Bill Act's current state of play, our activity in pushing for amendments and any questions. Member CEOs should have received connection instructions. If interested in joining the huddle, please contact your CEO. If you did not receive the huddle information, please contact Jaron Caffrey at jcaffrey@kha-net.org or [\(785\) 233-7436](tel:7852337436).