

.....
(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. _____

To amend Public Law 119–21 to adjust limitations on State directed payments under the Medicaid program, and to repeal certain provisions related to provider taxes.

IN THE HOUSE OF REPRESENTATIVES

Ms. DAVIDS of Kansas introduced the following bill; which was referred to the Committee on _____

A BILL

To amend Public Law 119–21 to adjust limitations on State directed payments under the Medicaid program, and to repeal certain provisions related to provider taxes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Long-Term Rural
5 Health Investment Act of 2026”.

1 **SEC. 2. ADJUSTING LIMITATIONS ON STATE DIRECTED PAY-**
2 **MENTS.**

3 (a) IN GENERAL.—Section 71116 of Public Law
4 119–21 is amended—

5 (1) by amending subsection (a) to read as fol-
6 lows:

7 “(a) IN GENERAL.—The Secretary of Health and
8 Human Services (in this section referred to as the Sec-
9 retary) shall revise section 438.6(c)(2)(iii) of title 42, Code
10 of Federal Regulations (or a successor regulation) such
11 that, with respect to a payment described in such sub-
12 section made for a service furnished during a rating period
13 beginning on or after January 1, 2030, the total payment
14 rate for such service is limited to 200 percent of the speci-
15 fied total published Medicare payment rate (or, in the ab-
16 sence of a specified total published Medicare payment
17 rate, the average commercial rate in the State).”;

18 (2) by amending subsection (b) to read as fol-
19 lows:

20 “(b) GRANDFATHERING CERTAIN PAYMENTS.—In
21 the case of a payment described in section 438.6(c)(2)(iii)
22 of title 42, Code of Federal Regulations (or a successor
23 regulation) for which written prior approval (or a good
24 faith effort to receive such approval, as determined by the
25 Secretary) was made before July 1, 2028, for the first rat-
26 ing period occurring after July 1, 2028, or a payment so

1 described for such rating period for which a completed
2 preprint was submitted to the Secretary prior to the date
3 of enactment of the Long-Term Rural Health Investment
4 Act of 2026, beginning with the rating period on or after
5 January 1, 2030, the total amount of such payment shall
6 be reduced by 10 percent of the amount of any such pay-
7 ment made during the preceding rating period, each year
8 until the total payment rate for such service is equal to
9 the rate for such service specified in subsection (a).”;

10 (3) by striking subsection (c);

11 (4) in subsection (d)—

12 (A) by striking paragraph (2);

13 (B) by redesignating paragraphs (3)
14 through (5) as paragraphs (2) through (4), re-
15 spectively; and

16 (C) by adding at the end the following new
17 paragraphs:

18 “(5) FINAL CAPITATION RATE.—The term ‘final
19 capitation rate’ has the meaning given such term in
20 section 438.3(c) of title 42, Code of Federal Regula-
21 tions (or a successor regulation).

22 “(6) MEDICAID MANAGED CARE ORGANIZA-
23 TION.—The term ‘medicaid managed care organiza-
24 tion’ has the meaning given such term in section

1 1903(m)(1)(A) of the Social Security Act (42 U.S.C.
2 1396b(m)(1)(A)).

3 “(7) PREPAID INPATIENT HEALTH PLAN.—The
4 term ‘prepaid inpatient health plan’ has the meaning
5 given such term in section 438.2 of title 42, Code
6 of Federal Regulations (or a successor regulation).

7 “(8) PREPAID AMBULATORY HEALTH PLAN.—
8 The term ‘prepaid ambulatory health plan’ has the
9 meaning given such term in section 438.2 of title 42,
10 Code of Federal Regulations (or a successor regula-
11 tion).”; and

12 (5) by inserting after subsection (b) the fol-
13 lowing new subsection:

14 “(c) HISTORICAL UTILIZATION AND SEPARATE PAY-
15 MENT RATES.—The Secretary shall—

16 “(1) revise section 438.6(c)(2)(vii)(B) of title
17 42, Code of Federal Regulations (or a successor reg-
18 ulation) such that, with respect to a payment de-
19 scribed in section 438.6(c)(2)(iii) of title 42, Code of
20 Federal Regulations (or a successor regulation)
21 made for services furnished during a rating period
22 beginning on or after January 1, 2028, a State may
23 condition such payment on the utilization and deliv-
24 ery of services outside of the rating period for which
25 the State is seeking written prior approval and re-

1 quire that such payments be reconciled to utilization
2 during such rating period; and

3 “(2) revise section 438.6(c)(6) of title 42, Code
4 of Federal Regulations (or a successor regulation)
5 such that, with respect to a payment described in
6 section 438.6(c)(2)(iii) of title 42, Code of Federal
7 Regulations (or a successor regulation) made for
8 services furnished during a rating period beginning
9 on or after January 1, 2028, a State may withhold
10 a portion of the final capitation rate to pay a med-
11 icaid managed care organization, prepaid inpatient
12 health plan, or prepaid ambulatory health plan sepa-
13 rately for such payment and may require such an or-
14 ganization or plan to retain a portion of the final
15 capitation rate separately to comply with such pay-
16 ment.”.

17 (b) STATE DIRECTED PAYMENT REPORTING RE-
18 QUIREMENTS.—Section 1903 of the Social Security Act
19 (42 U.S.C. 1396b) is amended by adding at the end the
20 following new subsection:

21 “(cc) STATE DIRECTED PAYMENT REPORTING RE-
22 QUIREMENTS.—

23 “(1) COLLECTION AND AVAILABILITY OF STATE
24 DIRECTED PAYMENT DATA.—

1 “(A) IN GENERAL.—Beginning January 1,
2 2027, each State shall, not later than 1 year
3 after the end of each rating period, submit to
4 the Secretary through the Transformed Med-
5 icaid Statistical Information System (T–MSIS)
6 (or a successor system) the data described in
7 subparagraph (B), as a requirement for a State
8 plan or State plan amendment that would pro-
9 vide for a State directed payment.

10 “(B) DATA DESCRIBED.—For purposes of
11 subparagraph (A), the data described in this
12 subparagraph is the following:

13 “(i) The total amount (in dollars) ex-
14 pended by a managed care organization,
15 prepaid inpatient health plan, or prepaid
16 ambulatory health plan for State directed
17 payments during such rating period.

18 “(ii) Identifiers, as specified by the
19 Secretary, for enrollees, providers, man-
20 aged care organizations, prepaid inpatient
21 health plans, and prepaid ambulatory
22 health plans.

23 “(iii) Amounts paid to individual pro-
24 viders under a State directed payment.

1 “(iv) Amounts collected by the State
2 to fund the non-Federal share of State di-
3 rected payments, disaggregated by provider
4 type.

5 “(v) Procedure and diagnosis codes
6 for any item or service for which a State
7 directed payment was made.

8 “(vi) Amounts allowed, billed, and
9 paid (including the amount that represents
10 the payment amount negotiated by the rel-
11 evant managed care organization, prepaid
12 inpatient health plan, or prepaid ambula-
13 tory health plan, the amount of the State
14 directed payment, and any other amounts
15 included in the total amount paid to the
16 provider) in connection with an item or
17 service for which a State directed payment
18 was made.

19 “(2) DEFINITIONS.—In this subsection:

20 “(A) MEDICAID MANAGED CARE ORGANI-
21 ZATION.—The term ‘medicaid managed care or-
22 ganization’ has the meaning given such term in
23 section 1903(m)(1)(A).

24 “(B) PREPAID INPATIENT HEALTH
25 PLAN.—The term ‘prepaid inpatient health

1 plan' has the meaning given such term in sec-
2 tion 438.2 of title 42, Code of Federal Regula-
3 tions (or a successor regulation).

4 “(C) PREPAID AMBULATORY HEALTH
5 PLAN.—The term ‘prepaid ambulatory health
6 plan’ has the meaning given such term in sec-
7 tion 438.2 of title 42, Code of Federal Regula-
8 tions (or a successor regulation).

9 “(D) RATING PERIOD.—The term ‘rating
10 period’ has the meaning given such term in sec-
11 tion 438.2 of title 42, Code of Federal Regula-
12 tions (or a successor regulation).

13 “(E) STATE DIRECTED PAYMENT.—The
14 term ‘State directed payment’ means a payment
15 described in section 438.6(c)(2)(iii) of title 42,
16 Code of Federal Regulations (or a successor
17 regulation).”.

18 (c) REVERTING REGULATIONS.—For the period be-
19 ginning on the date of enactment of this section and end-
20 ing on January 1, 2030, the Secretary shall apply section
21 438.6(c)(2)(iii) of title 42, Code of Federal Regulations,
22 as such section was in effect on the day before the date
23 of enactment of Public Law 119–21.

1 **SEC. 3. REPEAL OF PROVISIONS OF PUBLIC LAW 119-21 RE-**
2 **LATED TO PROVIDER TAXES.**

3 (a) **REPEAL.**—Sections 71115 and 71117 of Public
4 Law 119-21 are repealed and section 1903(w) of the So-
5 cial Security Act (42 U.S.C. 1396b(w)) shall be applied
6 as if such sections had not been enacted.

7 (b) **RESCISSION.**—The amounts appropriated under
8 section 71115(c) of Public Law 119-21 are hereby re-
9 scinded.