

119TH CONGRESS
1ST SESSION

H. R. 3684

To amend titles XVIII and XIX of the Social Security Act to provide for enhanced payments to rural health care providers under the Medicare and Medicaid programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 3, 2025

Mr. GRAVES (for himself and Ms. BUDZINSKI) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Energy and Commerce, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend titles XVIII and XIX of the Social Security Act to provide for enhanced payments to rural health care providers under the Medicare and Medicaid programs, and for other purposes.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Save America’s Rural Hospitals Act”.

6 (b) FINDINGS.—Congress finds the following:

1 (1) More than 60,000,000 individuals in rural
2 areas of the United States rely on rural hospitals
3 and other providers as critical access points to
4 health care.

5 (2) Access to health care is essential to commu-
6 nities that Americans living in rural areas call home.

7 (3) Americans living in rural areas are older,
8 poorer, and sicker than Americans living in urban
9 areas.

10 (4) As of May 1, 2025, 151 rural hospitals have
11 closed in the United States, according to the Univer-
12 sity of North Carolina’s Cecil G. Sheps Center for
13 Health Services Research, and the rate of these clo-
14 sures is increasing.

15 (5) Four hundred and thirty-two hospitals are
16 operating at margins similar to those that have
17 closed over the past decade. Of those, 216 are con-
18 sidered most vulnerable to closure.

19 (6) Rural Medicare beneficiaries already face a
20 number of challenges when trying to access health
21 care services close to home, including the weather,
22 geography, and cultural, social, and language bar-
23 riers.

1 (7) Approximately sixty percent of all primary
2 care health professional shortage areas are located
3 in rural areas.

4 (8) Seniors living in rural areas are forced to
5 travel significant distances for care.

6 (9) On average, trauma victims in rural areas
7 must travel twice as far as victims in urban areas
8 to the closest hospital, and, as a result, 60 percent
9 of trauma deaths occur in rural areas, even though
10 only 20 percent of Americans live in rural areas.

11 (10) With the 432 hospitals on the brink of clo-
12 sure, millions of Americans living in rural areas are
13 on the brink of losing access to the closest emer-
14 gency room.

15 (c) TABLE OF CONTENTS.—The table of contents of
16 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—RURAL PROVIDER PAYMENT STABILIZATION

Subtitle A—Rural Hospitals

Sec. 101. Eliminating Medicare sequestration for rural hospitals.

Sec. 102. Reversing cuts to reimbursement of bad debt for critical access hos-
pitals (CAHs) and rural hospitals.

Sec. 103. Permanently extending payment levels for low-volume hospitals and
Medicare-dependent hospitals (MDHs).

Sec. 104. Extending disproportionate share payments for sole community hos-
pitals and medicare-dependent hospitals.

Sec. 105. Rebasing target amounts for Medicare-dependent hospitals and sole
community hospitals.

Sec. 106. Implementing area wage index adjustments.

Subtitle B—Other Rural Providers

Sec. 111. Making permanent increased Medicare payments for ground ambu-
lance services in rural areas.

Sec. 112. Permanently extending Medicare telehealth service enhancements for federally qualified health centers and rural health clinics.

Sec. 113. Restoring State authority to waive the 35-mile rule for certain Medicare critical access hospital designations.

TITLE II—RURAL MEDICARE BENEFICIARY EQUITY

Sec. 201. Equalizing beneficiary copayments for services furnished by CAHs.

TITLE III—REGULATORY RELIEF

Sec. 301. Eliminating 96-hour requirements with respect to inpatient CAH services.

Sec. 302. Eliminating hospitalization requirement for extended care services furnished by certain hospitals.

TITLE IV—FUTURE OF RURAL HEALTH CARE

Sec. 401. Medicare rural hospital flexibility program grants.

1 **TITLE I—RURAL PROVIDER**
 2 **PAYMENT STABILIZATION**
 3 **Subtitle A—Rural Hospitals**

4 **SEC. 101. ELIMINATING MEDICARE SEQUESTRATION FOR**
 5 **RURAL HOSPITALS.**

6 (a) IN GENERAL.—Section 256(d)(7) of the Balanced
 7 Budget and Emergency Deficit Control Act of 1985 (2
 8 U.S.C. 906(d)(7)) is amended by adding at the end the
 9 following:

10 “(D) RURAL HOSPITALS.—Payments
 11 under part A or part B of title XVIII of the So-
 12 cial Security Act with respect to items and serv-
 13 ices furnished by a critical access hospital (as
 14 defined in section 1861(mm)(1) of such Act), a
 15 sole community hospital (as defined in section
 16 1886(d)(5)(D)(iii) of such Act), a medicare-de-
 17 pendent, small rural hospital (as defined in sec-

1 tion 1886(d)(5)(G)(iv) of such Act), or a sub-
2 section (d) hospital (as defined in section
3 1886(d)(1)(B) of such Act) located in a rural
4 area (as defined in section 1886(d)(2)(D) of
5 such Act).”.

6 (b) **APPLICABILITY.**—The amendment made by this
7 section applies with respect to orders of sequestration ef-
8 fective on or after the date that is 60 days after the date
9 of the enactment of this Act.

10 **SEC. 102. REVERSING CUTS TO REIMBURSEMENT OF BAD**
11 **DEBT FOR CRITICAL ACCESS HOSPITALS**
12 **(CAHS) AND RURAL HOSPITALS.**

13 (a) **RURAL HOSPITALS.**—Section 1861(v)(1)(T)(v) of
14 the Social Security Act (42 U.S.C. 1395x(v)(1)(T)(v)) is
15 amended by inserting before the period at the end the fol-
16 lowing: “or, in the case of a hospital located in a rural
17 area, by 15 percent of such amount otherwise allowable”.

18 (b) **CAHS.**—Section 1861(v)(1)(W)(ii) of the Social
19 Security Act (42 U.S.C. 1395x(v)(1)(W)(ii)) is amended
20 by inserting “, a critical access hospital” after “or (V)”.

21 (c) **APPLICABILITY.**—The amendments made by this
22 section apply with respect to cost reporting periods begin-
23 ning more than 60 days after the date of the enactment
24 of this Act.

1 **SEC. 103. PERMANENTLY EXTENDING PAYMENT LEVELS**
2 **FOR LOW-VOLUME HOSPITALS AND MEDI-**
3 **CARE-DEPENDENT HOSPITALS (MDHS).**

4 (a) EXTENSION OF INCREASED PAYMENTS FOR
5 MDHS.—

6 (1) EXTENSION OF PAYMENT METHODOLOGY.—

7 Section 1886(d)(5)(G) of the Social Security Act (42
8 U.S.C. 1395ww(d)(5)(G)) is amended—

9 (A) in clause (i), by striking “, and before
10 October 1, 2025”; and

11 (B) in clause (ii)(II), by striking “, and be-
12 fore October 1, 2025”.

13 (2) CONFORMING AMENDMENTS.—

14 (A) EXTENSION OF TARGET AMOUNT.—

15 Section 1886(b)(3)(D) of the Social Security
16 Act (42 U.S.C. 1395ww(b)(3)(D)) is amend-
17 ed—

18 (i) in the matter preceding clause (i),
19 by striking “, and before October 1,
20 2025”; and

21 (ii) in clause (iv), by striking
22 “through fiscal year 2025” and inserting
23 “or a subsequent fiscal year”.

24 (B) EXTENDING THE PERIOD DURING
25 WHICH HOSPITALS CAN DECLINE RECLASSI-
26 FICATION AS URBAN.—Section 13501(e)(2) of

1 the Omnibus Budget Reconciliation Act of 1993
2 (42 U.S.C. 1395ww note) is amended by strik-
3 ing “through fiscal year 2025” and inserting “,
4 or a subsequent fiscal year”.

5 (b) EXTENSION OF INCREASED PAYMENTS FOR LOW-
6 VOLUME HOSPITALS.—Section 1886(d)(12) of the Social
7 Security Act (42 U.S.C. 1395ww(d)(12)) is amended—

8 (1) in subparagraph (B)—

9 (A) in the subparagraph heading, by in-
10 sserting “FOR FISCAL YEARS 2005 THROUGH
11 2010” after “INCREASE”; and

12 (B) in the matter preceding clause (i), by
13 striking “and for discharges occurring in fiscal
14 year 2026 and subsequent fiscal years”;

15 (2) in subparagraph (C)(i)—

16 (A) in the matter preceding subclause (I),
17 by striking “through 2025” and inserting “and
18 each subsequent fiscal year”;

19 (B) in subclause (II), by adding “and” at
20 the end;

21 (C) in subclause (III)—

22 (i) by striking “fiscal years 2019
23 through 2025” and inserting “fiscal year
24 2019 and each subsequent fiscal year”;
25 and

1 (ii) by striking “; and” and inserting
2 a period; and

3 (D) by striking subclause (IV); and
4 (3) in subparagraph (D)—

5 (A) by amending the heading to read as
6 follows: “PERMANENT APPLICABLE PERCENT-
7 AGE INCREASE”;

8 (B) in the matter preceding clause (i), by
9 striking “in fiscal years 2011 through 2025”
10 and inserting “in fiscal year 2011 or a subse-
11 quent fiscal year”; and

12 (C) in clause (ii), by striking “each of fis-
13 cal years 2019 through 2025” and inserting
14 “fiscal year 2019 and each subsequent fiscal
15 year”.

16 **SEC. 104. EXTENDING DISPROPORTIONATE SHARE PAY-**
17 **MENTS FOR SOLE COMMUNITY HOSPITALS**
18 **AND MEDICARE-DEPENDENT HOSPITALS.**

19 Section 1886 of the Social Security Act (42 U.S.C.
20 1395ww) is amended—

21 (1) in subsection (d)(5)(F)(i), by inserting “,
22 including, with respect to discharges occurring in fis-
23 cal year 2026 and each subsequent fiscal year, a
24 subsection (d) hospitals that is a sole community
25 hospitals paid the amount described in subparagraph

1 (D)(i)(I) or a medicare-dependent, small rural hos-
2 pital paid the amount described in subparagraph
3 (G),” after “subsection (d) hospital”; and

4 (2) in subsection (r)(2), by inserting “(includ-
5 ing, with respect to fiscal year 2026 and each subse-
6 quent fiscal year, subsection (d) hospitals that are
7 sole community hospitals or medicare-dependent,
8 small rural hospitals described in subsection
9 (d)(5)(F)(i))” after “such subsection (d) hospitals”.

10 **SEC. 105. REBASING TARGET AMOUNTS FOR MEDICARE-DE-**
11 **PENDENT HOSPITALS AND SOLE COMMUNITY**
12 **HOSPITALS.**

13 Section 1886(b)(3) of the Social Security Act (42
14 U.S.C. 1395ww(b)(3)) is amended—

15 (1) in subparagraph (K)(i)—

16 (A) in subclause (I), by inserting “(or,
17 with respect to discharges occurring on or after
18 October 1, 2025, the 12-month cost reporting
19 period beginning during fiscal year 2024)” after
20 “fiscal year 2002”; and

21 (B) in subclause (II), by inserting “(or,
22 with respect to discharges occurring on or after
23 October 1, 2025, the first cost reporting period
24 beginning on or after such date)” after “Octo-
25 ber 1, 2006”; and

1 (2) in subparagraph (L)(ii)—

2 (A) in subclause (I), by inserting “(or,
3 with respect to discharges occurring on or after
4 October 1, 2025, the 12-month cost reporting
5 period beginning during fiscal year 2024)” after
6 “fiscal year 2006”; and

7 (B) in subclause (II), by inserting “(or,
8 with respect to discharges occurring on or after
9 October 1, 2025, the first cost reporting period
10 beginning on or after such date)” after “Janu-
11 ary 1, 2009”.

12 **SEC. 106. IMPLEMENTING AREA WAGE INDEX ADJUST-**
13 **MENTS.**

14 (a) **CODIFICATION OF LOW-WAGE INDEX HOSPITAL**
15 **POLICY.**—Section 1886(d)(3)(E) of the Social Security
16 Act (42 U.S.C. 1395ww(d)(3)(E)) is amended by adding
17 at the end the following new clause:

18 “(v) **LOW-WAGE HOSPITALS.**—For dis-
19 charges occurring on or after October 1, 2025,
20 the area wage index applicable under this sub-
21 paragraph for a fiscal year to a hospital with an
22 area wage index below the 25th percentile area
23 wage index shall be increased by $\frac{1}{2}$ of the dif-
24 ference between the otherwise applicable final
25 area wage index for such fiscal year for such

1 hospital and the 25th percentile area wage
2 index for such fiscal year across all hospitals.
3 Pursuant to the fourth sentence of clause (i),
4 the preceding sentence shall be applied in a
5 budget neutral manner.”.

6 (b) AREA WAGE ADJUSTMENT FOR HOSPITALS NOT
7 LOCATED IN FRONTIER STATES.—

8 (1) HOSPITAL INPATIENT SERVICES.—Section
9 1886(d)(3)(E) of the Social Security Act (42 U.S.C.
10 1395ww(d)(3)(E)), as amended by subsection (a), is
11 further amended by adding at the end the following
12 new clause:

13 “(vi) FLOOR ON AREA WAGE INDEX FOR
14 HOSPITALS IN CERTAIN OTHER AREAS.—

15 “(I) IN GENERAL.—For discharges
16 occurring on or after October 1, 2025, the
17 area wage index applicable under this sub-
18 paragraph to any hospital which is not lo-
19 cated in a frontier State (as defined in
20 clause (iii)(II)) may not be less than 0.85.

21 “(II) ENSURING BUDGET NEU-
22 TRALITY.—In order to ensure that the ag-
23 gregate payments made under this sub-
24 section for a fiscal year (beginning with
25 fiscal year 2026) are not greater than the

1 aggregate payments that would have been
2 made under this subsection for such fiscal
3 year without the application of subclause
4 (I), as estimated by the Secretary, the Sec-
5 retary shall establish pursuant to rule-
6 making a maximum area wage index to
7 apply under this subparagraph to any hos-
8 pital which is not located in a frontier
9 State (as defined in clause (iii)(II)).

10 “(III) NO IMPACT FOR HOSPITALS
11 WITH AN AREA WAGE INDEX BETWEEN
12 THE FLOOR AND THE MAXIMUM INDEX.—
13 Subclauses (I) and (II) shall have no effect
14 on the area wage index applicable in a fis-
15 cal year to a hospital with an area wage
16 index that is greater than the floor under
17 subclause (I) but less than the maximum
18 area wage index established under sub-
19 clause (II) for the fiscal year.”.

20 (2) HOSPITAL OUTPATIENT DEPARTMENT
21 SERVICES.—Section 1833(t) of the Social Security
22 Act (42 U.S.C. 1395l(t)), is amended—

23 (A) in paragraph (2)(D), by striking
24 “paragraph (19)” and inserting “paragraphs
25 (19) and (23)”; and

1 (B) by adding at the end the following new
2 paragraph:

3 “(23) FLOOR ON AREA WAGE ADJUSTMENT
4 FACTOR FOR HOSPITAL OUTPATIENT DEPARTMENT
5 SERVICES IN AREAS OTHER THAN IN FRONTIER
6 STATES.—

7 “(A) IN GENERAL.—With respect to cov-
8 ered OPD services furnished on or after Janu-
9 ary 1, 2026, the area wage adjustment factor
10 applicable under the payment system estab-
11 lished under this subsection to any hospital out-
12 patient department which is not located in a
13 frontier State (as defined in section
14 1886(d)(3)(E)(iii)(II)) may not be less than
15 0.85.

16 “(B) ENSURING BUDGET NEUTRALITY.—
17 In order to ensure that the aggregate payments
18 made under this subsection for a year (begin-
19 ning with 2026) are not greater than the aggre-
20 gate payments that would have been made
21 under this subsection for such year without the
22 application of subparagraph (A), as estimated
23 by the Secretary, the Secretary shall establish
24 pursuant to rulemaking a maximum area wage
25 adjustment factor to apply under the payment

1 system established under this subsection to any
2 hospital outpatient department which is not lo-
3 cated in a frontier State (as defined in clause
4 (iii)(II)).

5 “(C) NO IMPACT FOR HOSPITALS WITH AN
6 AREA WAGE ADJUSTMENT FACTOR BETWEEN
7 THE FLOOR AND THE MAXIMUM FACTOR.—Sub-
8 paragraphs (A) and (B) shall have no effect on
9 the area wage adjustment factor applicable in a
10 year to a hospital with an area wage adjust-
11 ment factor that is greater than the floor under
12 subparagraph (A) but less than the maximum
13 area wage adjustment factor established under
14 subparagraph (B) for the year.”.

15 (c) CONFORMING AMENDMENTS.—Section
16 1886(d)(3)(E) of the Social Security Act (42 U.S.C.
17 1395ww(d)(3)(E)), as amended by subsections (a) and
18 (b), is further amended—

19 (1) in clause (i), by striking “or (iv)” and in-
20 serting “(iv), (v), or (vi)”;

21 (2) in clause (iii), by adjusting the margins of
22 such clause 2 ems to the left; and

23 (3) in clause (iv), by adjusting the margins of
24 such clause 2 ems to the left.

1 **Subtitle B—Other Rural Providers**

2 **SEC. 111. MAKING PERMANENT INCREASED MEDICARE** 3 **PAYMENTS FOR GROUND AMBULANCE SERV-** 4 **ICES IN RURAL AREAS.**

5 Section 1834(l)(13) of the Social Security Act (42
6 U.S.C. 1395m(l)(13)) is amended—

7 (1) in the paragraph heading, by striking
8 “**TEMPORARY INCREASE**” and inserting “**IN-**
9 **CREASE**”; and

10 (2) in subparagraph (A)—

11 (A) in the matter preceding clause (i), by
12 striking “, and before October 1, 2025”; and

13 (B) in clause (i), by striking “, and before
14 October 1, 2025”.

15 **SEC. 112. PERMANENTLY EXTENDING MEDICARE TELE-** 16 **HEALTH SERVICE ENHANCEMENTS FOR FED-** 17 **ERALLY QUALIFIED HEALTH CENTERS AND** 18 **RURAL HEALTH CLINICS.**

19 Section 1834(m)(8) of the Social Security Act (42
20 U.S.C. 1395m(m)(8)) is amended—

21 (1) in subparagraph (A)—

22 (A) in the matter preceding clause (i), by
23 striking “During the emergency period de-
24 scribed in section 1135(g)(1)(B) and, in the
25 case that such emergency period ends before

1 December 31, 2024, during the period begin-
2 ning on the first day after the end of such
3 emergency period and ending on September 30,
4 2025” and inserting “Beginning on the first
5 day of the emergency period described in sec-
6 tion 1135(g)(1)(B)”;

7 (B) in clause (ii), by striking “determined
8 under subparagraph (B)” and inserting “, for
9 services furnished during the period beginning
10 on the first day of the emergency period de-
11 scribed in section 1135(g)(1)(B) and ending on
12 the date that is 60 days after the date of the
13 enactment of the Save America’s Rural Hos-
14 pitals Act, determined under subparagraph (B)
15 and, for services furnished after such period, an
16 amount equal to the amount that such center or
17 clinic would have been paid under this title had
18 such services been furnished without the use of
19 a telecommunications system”;

20 (2) in subparagraph (B)—

21 (A) by striking “PAYMENT RULE” and all
22 that follows through “The Secretary shall” and
23 inserting “PAYMENT RULE.—The Secretary
24 shall”;

1 (B) by striking “during the periods for
2 which subparagraph (A) applies” and inserting
3 “during the period described in subparagraph
4 (A)(ii)”;

5 (C) by redesignating clause (ii) as subpara-
6 graph (C), and adjusting the margin accord-
7 ingly.

8 **SEC. 113. RESTORING STATE AUTHORITY TO WAIVE THE 35-**
9 **MILE RULE FOR CERTAIN MEDICARE CRIT-**
10 **ICAL ACCESS HOSPITAL DESIGNATIONS.**

11 (a) IN GENERAL.—Section 1820 of the Social Secu-
12 rity Act (42 U.S.C. 1395i–4) is amended—

13 (1) in subsection (c)(2)—

14 (A) in subparagraph (B)(i)—

15 (i) in subclause (I), by striking at the
16 end “or”;

17 (ii) in subclause (II), by inserting at
18 the end “or”; and

19 (iii) by adding at the end the fol-
20 lowing new subclause:

21 “(III) subject to subparagraph
22 (G), is a hospital described in sub-
23 paragraph (F) and is certified on or
24 after the date of the enactment of the
25 Save America’s Rural Hospitals Act

1 by the State as being a necessary pro-
2 vider of health care services to resi-
3 dents in the area;” and

4 (B) by adding at the end the following new
5 subparagraphs:

6 “(F) HOSPITAL DESCRIBED.—For pur-
7 poses of subparagraph (B)(i)(III), a hospital
8 described in this subparagraph is a hospital
9 that—

10 “(i) is a sole community hospital (as
11 defined in section 1886(d)(5)(D)(iii)), a
12 medicare-dependent, small rural hospital
13 (as defined in section 1886(d)(5)(G)(iv)), a
14 low-volume hospital that in 2021 receives a
15 payment adjustment under section
16 1886(d)(12), a subsection (d) hospital (as
17 defined in section 1886(d)(1)(B)) that has
18 fewer than 50 beds, or, subject to the limi-
19 tation under subparagraph (G)(i)(I), is a
20 facility described in subparagraph (G)(ii);

21 “(ii) is located in a rural area, as de-
22 fined in section 1886(d)(2)(D);

23 “(iii)(I) is located—

24 “(aa) in a county that has a per-
25 centage of individuals with income

1 that is below 150 percent of the pov-
2 erty line that is higher than the na-
3 tional or statewide average in 2020;
4 or

5 “(bb) in a health professional
6 shortage area (as defined in section
7 332(a)(1)(A) of the Public Health
8 Service Act); or

9 “(II) has a percentage of inpatient
10 days of individuals entitled to benefits
11 under part A of this title, enrolled under
12 part B of this title, or enrolled under a
13 State plan under title XIX that is higher
14 than the national or statewide average in
15 2019 or 2020;

16 “(iv) subject to subparagraph
17 (G)(ii)(II), has attested to the Secretary 2
18 consecutive years of negative operating
19 margins preceding the date of certification
20 described in subparagraph (B)(i)(III); and

21 “(v) submits to the Secretary—

22 “(I) at such time and in such
23 manner as the Secretary may require,
24 an attestation outlining the good gov-
25 ernance qualifications and strategic

1 plan for multi-year financial solvency
2 of the hospital; and

3 “(II) not later than 120 days
4 after the date on which the Secretary
5 issues final regulations pursuant to
6 section 113(b) of the Save America’s
7 Rural Hospitals Act, an application
8 for certification of the facility as a
9 critical access hospital.

10 “(G) LIMITATION ON CERTAIN DESIGNA-
11 TIONS.—

12 “(i) IN GENERAL.—The Secretary
13 may not under subsection (e) certify pur-
14 suant to a certification by a State under
15 subparagraph (B)(i)(III)—

16 “(I) more than a total of 175 fa-
17 cilities as critical access hospitals, of
18 which not more than 20 percent may
19 be facilities described in clause (ii);
20 and

21 “(II) within any one State, more
22 than 10 facilities as critical access
23 hospitals.

24 “(ii) FACILITY DESCRIBED.—

1 “(I) IN GENERAL.—A facility de-
2 scribed in this clause is a facility that
3 as of the date of enactment of this
4 subparagraph met the criteria for des-
5 ignation as a critical access hospital
6 under subparagraph (B)(i)(I).

7 “(II) NONAPPLICATION OF CER-
8 TAIN CRITERIA.—For purposes of
9 subparagraph (B)(i)(III), the criteria
10 described in subparagraph (F)(iv)
11 shall not apply with respect to the
12 designation of a facility described in
13 subclause (I).”; and

14 (2) in subsection (e), by inserting “, subject to
15 subsection (c)(2)(G),” after “The Secretary shall”.

16 (b) REGULATIONS.—Not later than 120 days after
17 the date of the enactment of this Act, the Secretary of
18 Health and Human Services shall issue final regulations
19 to carry out this section.

20 (c) CLARIFICATION REGARDING FACILITIES THAT
21 MEET DISTANCE OR OTHER CERTIFICATION CRITERIA.—
22 Nothing in this section shall affect the application of cri-
23 teria for designation as a critical access hospital described
24 in subclause (I) or (II) of section 1820(c)(2)(B)(i) of the
25 Social Security Act (42 U.S.C. 1395i–4(c)(2)(B)(i)).

1 **TITLE II—RURAL MEDICARE**
2 **BENEFICIARY EQUITY**

3 **SEC. 201. EQUALIZING BENEFICIARY COPAYMENTS FOR**
4 **SERVICES FURNISHED BY CAHS.**

5 (a) IN GENERAL.—Section 1866(a)(2)(A) of the So-
6 cial Security Act (42 U.S.C. 1395cc(a)(2)(A)) is amended
7 by adding at the end the following: “In the case of out-
8 patient critical access hospital services for which payment
9 is made under section 1834(g), clause (ii) of the first sen-
10 tence shall be applied by substituting ‘20 percent of the
11 lesser of the actual charge or the payment basis under
12 this part for such services if the critical access hospital
13 were treated as a hospital’ for ‘20 per centum of the rea-
14 sonable charges for such items and services’.”.

15 (b) APPLICABILITY.—The amendment made by this
16 section applies with respect to services furnished during
17 a year that begins more than 60 days after the date of
18 the enactment of this Act.

19 **TITLE III—REGULATORY RELIEF**

20 **SEC. 301. ELIMINATING 96-HOUR REQUIREMENTS WITH RE-**
21 **SPECT TO INPATIENT CAH SERVICES.**

22 (a) PHYSICIAN CERTIFICATION REQUIREMENT.—
23 Section 1814(a) of the Social Security Act (42 U.S.C.
24 1395f(a)) is amended—

1 (1) in paragraph (6), by adding “and” at the
2 end;

3 (2) in paragraph (7)(E), by striking “; and”
4 and inserting a period; and

5 (3) by striking paragraph (8).

6 (b) AVERAGE LENGTH OF STAY REQUIREMENT.—
7 Section 1820(c)(2)(B)(iii) of the Social Security Act (42
8 U.S.C. 1395i–4(c)(2)(B)(iii)) is amended by striking “for
9 providing inpatient care for a period that does not exceed,
10 as determined on an annual, average basis, 96 hours per
11 patient”.

12 (c) APPLICABILITY.—The amendments made by this
13 section apply with respect to services furnished during a
14 year that begins more than 60 days after the date of the
15 enactment of this Act.

16 **SEC. 302. ELIMINATING HOSPITALIZATION REQUIREMENT**
17 **FOR EXTENDED CARE SERVICES FURNISHED**
18 **BY CERTAIN HOSPITALS.**

19 Section 1812(f) of the Social Security Act (42 U.S.C.
20 1395d(f)) is amended by adding at the end the following
21 new paragraph:

22 “(3) The Secretary shall provide for coverage under
23 subsection (a)(2)(B) of extended care services (that are
24 not posthospital extended care services) furnished on or
25 after the date that is 60 days after the date of the enact-

1 ment of this paragraph by a hospital described in sub-
 2 section (b) of section 1883 pursuant to an agreement
 3 under such section for such a duration as the Secretary
 4 determines appropriate such that the coverage of such
 5 services for such duration does not alter the acute care
 6 nature of the benefit described in subsection (a)(2).”.

7 **TITLE IV—FUTURE OF RURAL**
 8 **HEALTH CARE**

9 **SEC. 401. MEDICARE RURAL HOSPITAL FLEXIBILITY PRO-**
 10 **GRAM GRANTS.**

11 Section 1820(g) of the Social Security Act (42 U.S.C.
 12 1395i-4(g)) is amended—

13 (1) in paragraph (1)—

14 (A) in subparagraph (C), by striking
 15 “and” at the end;

16 (B) in subparagraph (D), by striking the
 17 period at the end and inserting a semicolon;
 18 and

19 (C) by adding at the end the following new
 20 subparagraphs:

21 “(E) rural emergency hospitals providing
 22 support for critical access hospitals to convert
 23 to rural emergency hospitals to stabilize hos-
 24 pital emergency services in their communities;
 25 and

1 “(F) supporting certified rural health clin-
2 ics for maintaining and building business oper-
3 ations, increasing financial indicators, address-
4 ing population health, transforming services,
5 and providing linkages and services for behav-
6 ioral health and substance use disorders re-
7 sponding to public health emergencies.”;

8 (2) by redesignating paragraphs (3) through
9 (7) as paragraphs (4) through (8), respectively;

10 (3) after paragraph (2), by inserting the fol-
11 lowing new paragraph:

12 “(3) ACTIVITIES TO SUPPORT CARRYING OUT
13 FLEX GRANTS.—The Secretary may award grants or
14 cooperative agreements to entities that submit to the
15 Secretary applications, at such time and in such
16 form and manner and containing such information
17 as the Secretary specifies, for purposes of supporting
18 States and hospitals in carrying out the activities
19 under this subsection by providing technical assist-
20 ance, data analysis, and evaluation efforts.”;

21 (4) in paragraph (4), as redesignated—

22 (A) in subparagraph (A), by inserting
23 “State Offices of Rural Health on behalf of eli-
24 gible hospitals and” after “award grants to”;

1 (B) by amending subparagraph (C) to read
2 as follows:

3 “(C) APPLICATION.—The State Office of
4 Rural Health shall submit an application, on
5 behalf of eligible rural hospitals, to the Sec-
6 retary on or before such date and in such form
7 and manner as the Secretary specifies.”;

8 (C) by amending subparagraph (D), to
9 read as follows:

10 “(D) AMOUNT OF GRANT.—A grant to a
11 hospital under this paragraph shall be deter-
12 mined on an equal national distribution so that
13 each hospital receives the same amount of sup-
14 port related to the funds appropriated.”;

15 (D) by amending subparagraph (E), to
16 read as follows:

17 “(E) USE OF FUNDS.—State Offices of
18 Rural Health and eligible hospitals may use the
19 funds received through a grant under this para-
20 graph for the purchase of computer software
21 and hardware; the education and training of
22 hospital staff on billing, operational, quality im-
23 provement and related value-focused efforts;
24 and other delivery system reform programs de-
25 termined appropriate by the Secretary.”; and

1 (5) by adding at the end the following new
2 paragraph:

3 “(9) RURAL HEALTH TRANSFORMATION
4 GRANTS.—

5 “(A) GRANTS.—The Secretary may award
6 5-year grants to State Offices of Rural Health
7 and to eligible rural health care providers (as
8 defined in subparagraph (D)) on the transition
9 to new models, including rural emergency hos-
10 pitals, extended stay clinics, freestanding emer-
11 gency departments, rural health clinics, and in-
12 tegration of behavioral, oral health services,
13 telehealth and other transformational models
14 relevant to rural providers as such providers
15 evolve to better meet community needs and the
16 changing health care environment.

17 “(B) APPLICATION.—An applicable rural
18 health care provider, in partnership with the
19 State Office of Rural Health in the State in
20 which the rural health care provider seeking a
21 grant under this paragraph is located, shall
22 submit an application to the Secretary on or be-
23 fore such date and in such form and manner as
24 the Secretary specifies.

1 “(C) ADDITIONAL REQUIREMENTS.—The
2 Secretary may not award a grant under this
3 paragraph to an eligible rural health care pro-
4 vider unless—

5 “(i) local organizations or the State in
6 which the hospital is located provides sup-
7 port (either direct or in kind); and there
8 are letters of support from key State pay-
9 ers such as Medicaid and private insur-
10 ance; and

11 “(ii) the applicant describes in detail
12 how the transition of the health care pro-
13 vider or providers will better meet local
14 needs and be sustainable.

15 “(D) ELIGIBLE RURAL HEALTH CARE PRO-
16 VIDER DEFINED.—For purposes of this para-
17 graph, the term ‘eligible rural health care pro-
18 vider’ includes a critical access hospital, a cer-
19 tified rural health clinic, a rural nursing home,
20 skilled nursing facility, emergency care pro-
21 vider, or other entity identified by the Sec-
22 retary. An eligible rural health care provider
23 may include other entities applying on behalf of
24 a group of providers such as a State Office of
25 Rural Health, a State or local health care au-

1 thority, a rural health network, or other entity
2 identified by the Secretary.”.

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