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119TH CONGRESS
2D SESSION

H. R. 8804

To amend title XVIII of the Social Security Act to authorize the Secretary of Health and Human Services to enter into contracts with recovery audit contractors to perform prepayment reviews under the Medicare program.

IN THE HOUSE OF REPRESENTATIVES

MAY 13, 2026

Mr. SMUCKER introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, 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

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A BILL

To amend title XVIII of the Social Security Act to authorize the Secretary of Health and Human Services to enter into contracts with recovery audit contractors to perform prepayment reviews under the Medicare program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Medicare Payment Integrity Enhancement Act of 2026''.

SEC. 2. AUTHORIZING RECOVERY AUDITOR CONTRACTORS TO CONDUCT PREPAYMENT REVIEWS UNDER MEDICARE.

(a) IN GENERAL.—Section 1893(h) of the Social Security Act (42 U.S.C. 1395ddd(h)) is amended—

(1) in paragraph (1)—

(A) in matter preceding subparagraph (A)—

(i) by striking ''and recouping'' and inserting '', recouping''; and

(ii) by striking ''title.'' and inserting ''title, and conducting prepayment review of claims for payment under this title.'';

(B) in subparagraph (A), by inserting ''except in the case of prepayment review of claims for payment under this title,'' before ''payment shall be made'';

(C) in subparagraph (B)—

(i) by inserting ''except in the case of prepayment review of claims for payment under this title,'' before ''from such amounts''; and

(ii) in clause (ii), by striking ''and'' at the end;

(D) in subparagraph (C), by striking the period at the end and inserting ''; and''; and

(E) by inserting after subparagraph (C) the following new subparagraph:

''(D) payment to such a contractor for prepayment review of claims for payment under this title shall be made in amounts determined under a methodology established by the Secretary that—

''(i) takes into account the amount of improper payment that such contractor prevented from being paid under this title; and

''(ii) incentivizes the timely and accurate prevention of such improper payments, without a disproportionate focus on particular types of claims.'';

(2) in paragraph (3), by inserting '', and not later than 1 year after the date of the enactment of the Medicare Payment Integrity Enhancement Act of 2026, in the case of contracts relating to the prepayment review of claims for payment under this title'' after ''under part C or D'';

(3) in paragraph (7)—

(A) by inserting ''or the prevention of part or all of a payment under this title based on a

prepayment review of a claim for payment'' after ''individual or entity''; and

(B) by inserting ''or prepayment review'' after ''such overpayment'';

(4) in paragraph (8), by inserting ''(and, to the extent that contracts under this subsection require prepayment review of claims for payment under this title, on the performance of such contractors with respect to such prepayment reviews)'' after ''recouping overpayments''; and

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

''(11) FUNDING FOR PREPAYMENT REVIEW.—For purposes of making payment to recovery audit contractors for prepayment review of claims for payment under this title, as described in paragraph (1)(D), the Secretary shall provide for the transfer, from the Federal Hospital Insurance Trust Fund under section 1817 and the Federal Supplementary Medical Insurance Trust Fund under section 1841, in such proportion as the Secretary determines appropriate based upon the relative amount of improper payments that such contractors prevented from being paid under parts A and B, of such sums as the Secretary determines necessary, to the Cen-

ters for Medicare & Medicaid Services Program Management Account.''.

(b) REGULATIONS.—Not later than 1 year after the date of the enactment of this section, the Secretary of Health and Human Services shall issue such rules as are necessary to implement the amendments made by subsection (a). Such rules shall include—

(1) a description of the methodology that the Secretary shall use as the basis for making payment to recovery audit contractors for the prepayment review of claims for payment under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.); and

(2) a description of the methodology that the Secretary shall use to calculate savings to the Medicare program under such title XVIII generated by such prepayment reviews.

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