

119TH CONGRESS
1ST SESSION

S. 2743

To amend title XIX of the Social Security Act to modify certain limitations on disproportionate share hospital payment adjustments under the Medicaid program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 9, 2025

Mr. BANKS (for himself and Mrs. GILLIBRAND) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XIX of the Social Security Act to modify certain limitations on disproportionate share hospital payment adjustments under the Medicaid program, 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.**

4 This Act may be cited as the “Save Our Safety-Net
5 Hospitals Act of 2025”.

1 **SEC. 2. MODIFYING CERTAIN LIMITATIONS ON DISPROPOR-**
 2 **TIONATE SHARE HOSPITAL PAYMENT AD-**
 3 **JUSTMENTS UNDER THE MEDICAID PRO-**
 4 **GRAM.**

5 (a) IN GENERAL.—Section 1923(g) of the Social Se-
 6 curity Act (42 U.S.C. 1396r-4(g)) is amended—

7 (1) in paragraph (1)—

8 (A) in subparagraph (A)—

9 (i) in the matter preceding clause (i),
 10 by striking “(other than a hospital de-
 11 scribed in paragraph (2)(B))”;

12 (ii) in clause (i), by inserting “with
 13 respect to such hospital and year” after
 14 “described in subparagraph (B)”; and

15 (iii) in clause (ii)—

16 (I) in subclause (I), by striking
 17 “and” at the end;

18 (II) in subclause (II), by striking
 19 the period and inserting “; and”; and

20 (III) by adding at the end the
 21 following new subclause:

22 “(III) payments made under title
 23 XVIII or by an applicable plan (as de-
 24 fined in section 1862(b)(8)(F)) for
 25 such services.”; and

26 (B) in subparagraph (B)—

1 (i) in the matter preceding clause (i),
2 by striking “in this clause are” and insert-
3 ing “in this subparagraph are, with respect
4 to a hospital and a year,”; and

5 (ii) by adding at the end the following
6 new clause:

7 “(iii) Individuals who are eligible for
8 medical assistance under the State plan or
9 under a waiver of such plan and for whom
10 the State plan or waiver is a payor for
11 such services after application of benefits
12 under title XVIII or under an applicable
13 plan (as defined in section 1862(b)(8)(F)),
14 but only if the hospital has in the aggre-
15 gate incurred costs exceeding payments
16 under such State plan, waiver, title XVIII,
17 or applicable plan for such services fur-
18 nished to such individuals during such
19 year.”;

20 (2) by striking paragraph (2);

21 (3) by redesignating paragraph (3) as para-
22 graph (2); and

23 (4) in paragraph (2), as so redesignated, by
24 striking “Notwithstanding paragraph (2) of this

1 subsection (as in effect on October 1, 2021), para-
 2 graph (2)” and inserting “Paragraph (2)”.

3 (b) EFFECTIVE DATE.—

4 (1) IN GENERAL.—Except as provided in para-
 5 graph (2), the amendments made by this section
 6 shall apply to payment adjustments made under sec-
 7 tion 1923 of the Social Security Act (42 U.S.C.
 8 1396r-4) for Medicaid State plan rate years begin-
 9 ning on or after the date of enactment of this Act.

10 (2) STATE OPTION TO DISTRIBUTE UNSPENT
 11 DSH ALLOTMENTS FROM PRIOR YEARS UP TO MODI-
 12 FIED CAP.—

13 (A) IN GENERAL.—If, for any Medicaid
 14 State plan rate year that begins on or after Oc-
 15 tober 1, 2021, and before the date of enactment
 16 of this Act, a State did not spend the full
 17 amount of its Federal fiscal year allotment
 18 under section 1923 of the Social Security Act
 19 (42 U.S.C. 1396r-4) applicable to that State
 20 plan rate year, the State may use the unspent
 21 portion of such allotment to increase the
 22 amount of any payment adjustment made to a
 23 hospital for such rate year, provided that—

24 (i) such payment adjustment (as so
 25 increased) is consistent with subsection (g)

1 of such section (as amended by this sec-
2 tion); and

3 (ii) the total amount of all payment
4 adjustments for the State plan rate year
5 (as so increased) does not exceed the dis-
6 proportionate share hospital allotment for
7 the State and applicable Federal fiscal
8 year under subsection (f) of such section.

9 (B) NO RECOUPMENT OF PAYMENTS AL-
10 READY MADE TO HOSPITALS.—A State shall not
11 recoup any payment adjustment made by the
12 State to a hospital for a Medicaid State plan
13 rate year described in subparagraph (A) if such
14 payment adjustment is consistent with section
15 1923(g) of such Act (42 U.S.C. 1396r-4(g)) as
16 in effect on October 1, 2021.

17 (C) AUTHORITY TO PERMIT RETROACTIVE
18 MODIFICATION OF STATE PLAN AMENDMENTS
19 TO ALLOW FOR INCREASES.—

20 (i) IN GENERAL.—Subject to para-
21 graph (2), solely for the purpose of allow-
22 ing a State to increase the amount of a
23 payment adjustment to a hospital for a
24 Medicaid State plan rate year described in
25 subparagraph (A) pursuant to this para-

1 graph, a State may retroactively modify a
2 provision of the Medicaid State plan, a
3 waiver of such plan, or a State plan
4 amendment that relates to such rate year
5 and the Secretary may approve such modi-
6 fication.

7 (ii) DEADLINE.—A State may not
8 submit a request for approval of a retro-
9 active modification to a provision of the
10 Medicaid State plan, a waiver of such plan,
11 or a State plan amendment for a Medicaid
12 State plan rate year after the date by
13 which the State is required to submit the
14 independent certified audit for that State
15 plan rate year as required under section
16 1923(j)(2) of the Social Security Act (42
17 U.S.C. 1396r-4(j)(2)).

18 (D) REPORTING.—If a State increases a
19 payment adjustment made to a hospital for a
20 Medicaid State plan rate year pursuant to this
21 paragraph, the State shall include information
22 on such increased payment adjustment as part
23 of the next annual report submitted by the

1 State under section 1923(j)(1) of the Social Se-
2 curity Act (42 U.S.C. 1396r-4(j)(1)).

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