



KHA's Federal Advocate

June 2, 2023

Congress Passes Debt Ceiling Bill

Late last night, the United States Senate passed the Fiscal Responsibility Act of 2023 on a vote of 63-36. The passing of the Act ends a month's-long negotiation between President Joe Biden and Republican House leadership over the terms under which the United States' debt ceiling, or the statutory amount of public debt the government is allowed to carry, was to be raised. The House passed the same measure earlier this week on a vote of 314-117. The bill is now headed to President Biden's desk for signature. It comes just before the Treasury Department's projected deadline of June 5, when the United States government would have reached its debt limit and defaulted on its payments.

Representatives Sharice Davids, Ron Estes and Jake LaTurner voted aye on the bill.

Representative Tracey Mann voted no. Senator Jerry Moran voted aye and Senator Roger Marshall voted no. The bill passed with the majority of members in both parties voting aye, while a minority of members in both parties voted no. This likely stems from the fact the bill itself gave big wins to both Republicans and Democrats while also giving both sides plenty of complaints.

The Fiscal Responsibility Act suspends the statutory debt ceiling for two years while capping non-defense discretionary spending at current levels throughout the period. Discretionary spending does not include spending on entitlement programs such as Social Security, Medicare and Medicaid, so those programs greatly affecting hospitals are unchanged. While the bill adds work requirements to certain social welfare programs such as food stamps, no such provisions have been added to Medicaid. In addition, it does not cap emergency spending, so special funding bills for fighting a war or a new pandemic would still be in order.

Additionally, the bill does claw back roughly \$30 billion in unspent COVID-19 funds, including some funds shifted from the Provider Relief Fund to an expanded vaccine initiative. While this part of the bill is vague, it just repeals amounts of budget authority previously granted to the Health and Human Services. We will keep a close eye on how the Biden Administration chooses to implement this. Most hospitals will see very little change in their financial relationship with the federal government because of the bill.

KHA staff have been closely monitoring three other emerging issues. First, we are asking for your help [in reaching out](#) to our congressional delegation encouraging them to fight for continuing current disproportionate share hospital rates into fiscal year 2024 for states not expanding Medicaid. While this is likely to be resolved in a year's end appropriations bill (Representative LaTurner and Senator Moran sit on their chambers' respective appropriations committees), H.R. 2665, cosponsored by Representatives Davids and Mann, is a bill extending current DSH rates to 2026.

Second, we are asking our members to sign onto a bipartisan letter to the Centers for Medicare & Medicaid Services to rethink their 2024 inpatient prospective payment system rates. The deadline for signing onto this letter is June 9, and Representatives LaTurner, Mann and Senator Moran have signed on. Third, we are working with our congressional delegation to help them understand the dangers of site-neutral payments. The House Energy and Commerce Committee recently reported a bill to the full House imposing certain site-neutral payments in Medicare. This would run directly counter to changing 2024 IPPS rates, and we are working with our members to oppose such a move.