



KHA's Federal Advocate

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Congress Continues Work on Budgets

Congress is currently at a budget-inflection point. Half the bills to fund the federal government for fiscal year 2024 passed Congress and were signed by President Joe Biden last Friday. The other half are likely to be made public by House and Senate leaders on Sunday evening. The President's cabinet is hitting the Hill throughout this week to defend his newly released FY 2025 budget plan. Major health care policy items sit in all three of these budgetary buckets.

The so-called "minibus" budget bill—a collection of six of the 12 annual appropriations bills for FY 2024—was signed into law last week and included major health care policy extenders sought by KHA. These included continuations of Medicare's dependent hospital designation and low-volume hospital adjustment, as well as a delay in scheduled cuts to disproportionate share hospitals in non-Medicaid expansion states. These items will be back on the table for extension in FY 2025 and will remain priorities for KHA.

The unfinished FY 2024 appropriations work includes the Labor-Health and Human Services-Labor Appropriations bill. While this title focuses mostly on administrative and discretionary—or non-Medicare—spending, its status in limbo creates uncertainty in the health care marketplace. These bills face an uphill climb in gaining approval in a Congress, divided between a Democratic-controlled Senate and a Republican-controlled House of Representatives, particularly as it relates to abortion-related policy riders. House and Senate leaders hope to make this bill public on Sunday, Mar. 17, to complete work on it by midnight on Friday, Mar. 22, when current funding for the U.S. Department of Health and Human Services expires.

All this cleanup work is happening against the backdrop of the president's budget request for FY 2025, which hit the Hill on Monday. While budget requests are typically seen as policy documents that are routinely ignored during the horse-trading process of writing annual appropriations bills, they do—particularly in election years—set parameters for the year's debates. Of note for hospitals are the following:

- The budget extends the solvency of Medicare's Hospital Insurance Trust Fund indefinitely by levying higher payroll taxes on Americans making more than \$400,000

per year. The HI Trust Fund is projected to run out of money in 2031. If this happens, Medicare payments to providers will be reduced or frozen.

- The budget adds \$150 billion over 10 years to Medicare's home and community-based services program.
- The budget adds \$800 million in cybersecurity grant funding to help "high-need, low-resourced" hospitals cope with cyberattacks that threaten their operations and medical records.
- The budget makes an allowance for commercial insurance carriers to ban payment for facility fees for telehealth services, one of many components associated with so-called "site-neutral" payment schemes.

Kansas Hospital Association staff will continue to educate the Kansas Congressional Delegation during the FY 2025 budget debate on the financial challenges facing Kansas' hospitals, the need for expanded federal help on cybersecurity, and why site-neutrality is a misnomer that simply shifts costs to hospitals operating under the requirements of the Emergency Medical Treatment and Labor Act.