



KHA's Federal Advocate
July 8, 2025

One Big Beautiful Bill Act Signed into Law

The One Big Beautiful Bill Act passed the House on Thursday, July 3, on a mostly party-line vote of 218-214. President Donald Trump signed the legislation into law on July 4, meeting the self-imposed deadline he gave to Congress weeks earlier. Last week's [Federal Advocate](#) outlined the provisions affecting Kansas hospitals. You can find a [comprehensive overview](#) of the key health provisions of the OBBBA on the Kansas Hospital Association website.

After it became clear on July 3 that the Senate-passed version of the bill was also going to be passed by the House and sent to the President's desk, we were pleased to host Senator Jerry Moran (R-KS) for a [virtual town hall](#) with hospital leaders from around the state. KHA appreciates the Senator's work to mitigate the OBBBA's worst consequences for Kansas hospitals by ensuring that Kansas' provider tax and state-directed payments for Prospective Payment System hospitals, Critical Access Hospitals, and Rural Emergency Hospitals as approved by the Kansas Legislature, remain grandfathered once approved by the Centers for Medicaid & Medicare Services. While we remain concerned about the bill's long-term consequences for Kansas' Medicaid funding, particularly the percentage rate reductions in SDPs starting in 2028, we know that without Senator Moran's steadfast support for our state's hospitals, the outcome for Kansas providers could have been much worse. It is a key focus of our federal advocacy agenda to eliminate or at least further postpone Medicaid reductions beyond 2028 as we move forward.

As we look to the future under the provisions of the OBBBA, the most immediate priority is to work with the Kansas Department of Health and Environment to develop a proposal for Kansas to access funding in the new Rural Health Transformation Program by the end of 2025. This program is slated to allocate \$50 billion nationwide over the next five years, commencing in 2026. Fifty percent of this funding will be divided equally between all states applying, so Kansas' share of this allotment will be at least \$500 million from 2026 to 2030. Forty percent of the total funding will be allocated by formula to the various states according to their share of national rural health care service provision and other rural characteristics. The final ten percent will be allocated at the discretion of the CMS administrator. Only states with approved proposals may get their share of the funding.

While CMS will determine the overall allocation of funds according to the statute's formula, Kansas must align its funding proposal according to the new program's specifically defined goals, which include improving access and outcomes, promoting technology, enhancing collaboration and addressing the financial stability of rural hospitals. We hope to work closely with our state and national partners to support KDHE as they identify what Kansas' proposal should include. Since the state's final proposal must be submitted by Dec. 31, time is short.

As we move forward, we will provide more information on the development of the Kansas proposal. We look forward to working with our hospitals to ensure it meets our state's health care needs. Additionally, our team is developing hospital-specific impact reports regarding the provider assessment and SDP provisions, which will be shared with hospitals within the next two weeks.