

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

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

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to payment adjustments made under section 1923 of the Social Security Act (42 U.S.C. 1396r–4) for Medicaid State plan rate years beginning on or after the date of enactment of this Act.

(2) STATE OPTION TO DISTRIBUTE UNSPENT DSH ALLOTMENTS FROM PRIOR YEARS UP TO MODIFIED CAP.—

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

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

of such section (as amended by this section); and

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

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

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

(i) IN GENERAL.—Subject to paragraph (2), solely for the purpose of allowing a State to increase the amount of a payment adjustment to a hospital for a Medicaid State plan rate year described in 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)).

