MISSOURI HOSPITAL ASSOCIATION

HFMA Greater Heartland Chapter – Fall Conference

Past, Present and Future of Congressional and Agency Actions – What is in store for hospitals in 2027?

Thursday, Oct. 29, 2026

Andrew Wheeler
Vice President of Federal Advocacy and Finance

Past – 119th Congressional Actions

MISSOURI HOSPITAL ASSOCIATION

119th Congress Health Policy Ideas

MoHospitals.org

Medicare Payment — 11

Eliminate Medicare coverage of bad debt
Up to $42B savings
Medicare site neutrality
Up to $146B savings
Improve uncompensated care
Up to $229B savings
Prevent dual classification for hospitals
Up to $10B savings
Reform GME payments
Up to $10B savings
Block grant GME at CPI-M
Up to $75B savings
Geographic integrity in Medicare wage index
Up to $15B savings
Eliminate inpatient-only list
Up to $10B savings
Senior access to innovation and telehealth
Up to $20B cost
Reform IRA drug policies
Up to $20B cost
Reform Medicare physician payments
Up to $10B cost

ACA, Coverage & Rural — 7

Limit federal health program eligibility by citizenship status
Up to $35B savings
Repeal DACA ACA subsidies final rule
$6B savings
Other reforms to ACA subsidies
Up to $5B savings
Reform ACA market plan design and eligibility
Up to $10B savings
Recapture excess ACA subsidies
Up to $46B savings
Codify ICHRA rule
No budgetary effect
Second Chances for Rural Hospitals Act (H.R. 8246)
Up to $10B cost

Medicaid Financing — 9

Reverse expansion of state-directed payments
Up to $25B savings (informal)
FMAP penalty for state-only coverage of illegal aliens
TBD
Equalize DC FMAP
$8B savings
Lower Medicaid matching rate floor
Up to $387B savings
Equalize FMAP for ACA expansion population
$561B savings
Limit Medicaid provider taxes
$175B savings
Medicaid per capita caps
Up to $900B savings
Remove ARP temporary FMAP increase
$18B savings
Standardize Medicaid administrative match
$69B savings

Medicaid Rules & Other — 6

Establish Medicaid work requirements
$100B savings
Repeal Medicaid/CHIP ACCESS rule
$121B savings
Repeal Medicaid eligibility rule
$164B savings
Repeal nursing home minimum staffing rule
Up to $22B savings
Eliminate Prevention and Public Health Fund
$15B savings

Employer Coverage, Transparency & Facility Fees — 10

Ban telehealth and other facility fees
$2.3B savings
Prohibit employer plans paying above 340B price
Unknown
Increase penalties for transparency noncompliance
Unknown
Clarify and bolster ERISA preemption
Unknown / savings presumed
H.R. 2868 – Association Health Plans Act
$579M cost
H.R. 2813 – Self-Insurance Protection Act
No budgetary effect
H.R. 824 – Telehealth Benefit Expansion for Workers Act
Unknown
Expand direct contracts and value-based care
Unknown
Telehealth-only COBRA option
Unknown
Specialty drug coverage under ERISA
Unknown

Green = savings | Red = cost | Gray = unknown or no budgetary effect.

The Big Picture: Massive Uncertainty

$

Higher prices
Families and employers feel it every week

!

War in Iran
Global risk on top of strain at home

%

Inflation Pressure on Hospitals
Labor, drug and supply costs keep climbing

AI

Artificial intelligence
Fast change in work, care and the economy

THE POLITICAL ENVIRONMENT

Volatile and unpredictable – every decision gets harder

For hospitals: more pressure to reduce cost (how much hospitals are paid)

Federal Interest in Health Care Affordability

Legislation

H.R. 1 – The One Big Beautiful Bill Act
Also known as OB3, OBBBA or the Working Families Tax Cut Act

Congressional oversight

Ways and Means hearings

Regulation

Finalized No Surprises Act regulations to help streamline independent dispute resolution processes

Transparency

Price and insurance coverage

Hospital benefits

Use of tax-exempt status and 340B benefits

Use of AI to:

- **Identify administrative waste**
- **Fraud identification**

Present Political Environment

The National Battle: Control of Congress

119th U.S. HOUSE OF REPRESENTATIVES

218–214–1

2 vacancies

218 needed for a majority

Safe	In play	**At serious risk** ▼

Outlook: Republican control at risk

119th U.S. SENATE

53–47

51 needed for a majority

Safe	**In play** ▼	At serious risk

Outlook: In play, less certain

What a split Congress could mean for hospitals: more gridlock and oversight, a harder path for reconciliation and new Medicaid cuts, and H.R. 1 fixes or delays becoming bargaining chips.

Sources: House Press Gallery party breakdown; Senate Periodical Press Gallery; senate.gov. Outlook is the presenter's forecast.

The House

Based on recent polling and talks with the DCCC and the NRCC, both parties have pathways to a majority. Most analysts anticipate Democrats to do better among the toss-ups.

208 Republican seats, at least leaning

207 Democrat seats, at least leaning

20 Toss-ups

Best guess: Democrats win a majority in the low-to-mid 220s.

Door not closed: Republicans can still hold the majority due to a substantial advantage in campaign resources. However, Democrats are better positioned thanks to the political environment and broader midterm trends.

Ten key races to watch: AZ-1, CO-8, FL-14, IA-1, MI-7, NC-1, NC-11, NY-17, OH-9 and PA-8

The Senate

Unlike the House, the path to retaining Republican majority is easier than a path to Democrat majority.

47

Safe Democrat seats

49

Safe Republican seats

Democrats favored: North Carolina and Georgia candidates.

Republicans favored: Maine, Michigan and New Hampshire candidates.

The race for control: Likely boils down to a small universe: Alaska, Iowa, Ohio and Texas (yes, Texas).

With this many variables, the health agenda runs the spectrum…

Status Quo – Uni-Party Control

Although this is an unlikely scenario, if this were to happen, it would be reasonable to expect additional attempts at reconciliation where FWA elements would figure prominently, as well as greater focus on the MAHA food and nutrition elements.

House – Dem & Senate - GOP

Of the scenarios, this is probably the most likely, but from an issues advancing scenario it is also the least likely for anything substantial outside of oversight and stage-setting for the 2028 presidential cycle. Look for lots of messaging bills especially in the healthcare space.



House – GOP & Senate - Dem

Given what would have to happen for this to happen, its probably just marginally ahead of the 'no clear winner' category, but still an awfully longshot. Healthcare-wise, this is definitely more of an oversight play and moves the Administration into a hunker down mode since zero noms will move.

No clear winner - Either chamber

Given the age issues in both chambers and the propensity for the unexpected to happen as of late, this is closer to fact than fiction. In this scenario, healthcare or otherwise, look for Congress to barely keep the proverbial lights on.

Wave Result – Dem Control of Both Chambers

Democrats have already made clear their intentions overall and in healthcare. While most of this would be messaging, look for a return of the ACA subsidies, Medicare for All legislation, codification of Roe v. Wade, Investigations of MAHA, ranging from ACIP, TrumpRx and associated MFN negiations.

2027 and Beyond

Six Pressures Hit at Once

§

H.R. 1 (One Big Beautiful Bill Act Medicaid financing (legislation)

Six-month Medicaid reverifications begin 2027 and state directed payments phase down beginning 2028.

Rx

340B (regulation)

Medicare and insurer-imposed rebate models; and CY 2027 proposed Outpatient PPS payment reductions and repayment.

=

Site-neutral payments (CMS regulation)

Medicare keeps reducing Medicare Outpatient Prospective Payment System payment rates toward a physician fee schedule equivalent rate.

W

Insurer verification (legislation and regulation)

Medicaid work requirements; and Medicaid and Marketplace redeterminations / verifications.

PA

Insurer prior authorization

Costs Missouri providers 700 hours or $34,000 per year per physician.

!

State budget squeeze

MHA projects a $2B FY2028 deficit, just as state directed payment reductions begin.

Sources: MHA 2026 legislative briefing; MHA Financial Performance team update (Oct. 2026); AHA, Oct. 9, 2026.

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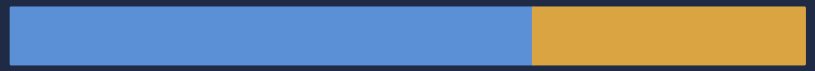
H.R. 1 - State Directed Payment Proposed Rule

Implements Section 71116

CMS-2449-P

CMS ESTIMATED SAVINGS OVER 10 YEARS

$774.8B



$510.1B
Federal Medicaid spending

$264.7B
State Medicaid spending

110%

of Medicare for non-expansion states

100%

of Medicare for expansion states

10%

reduction per year until reaching 100% of Medicare

Jan 1, 2028

Missouri is grandfathered from the SDP cap until this date

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H.R. 1 - Medicaid Community Engagement

CMS-2454-IFC

Who is covered and what is required

REQUIREMENT

80 hours per month

of community engagement:

- Work
- Community service
- Work programs
- Educational programs
- Combination thereof

OR $580 per month

Average monthly income over the preceding 6 months for seasonal employees

Applies to

Non-disabled adults ages 19–64 enrolled in the ACA Medicaid adult group with income up to 133%.

Excluded

Mandatory Medicaid eligibility groups: children, pregnant women and SSI recipients.

States must deem compliant

Under age 19, enrolled in Medicare Part A or B, included in another mandatory coverage group, or recently released from incarceration.

Verification

At application and renewal, states first attempt ex parte (automated) verification. If found not compliant, the individual gets a notice of noncompliance and 30 days to demonstrate compliance. Non-compliant individuals may apply at any time.

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H.R. 1 - Medicaid Community Engagement

CMS-2454-IFC

Projected enrollment, costs and savings

NATIONWIDE PROJECTED ENROLLMENT REDUCTION

2.3M

FY 2027

3.1–3.3M

each subsequent year

STATE SYSTEMS COSTS – CMS ESTIMATIONS

$660M

to upgrade eligibility systems in 2026

$66M

per year to maintain thereafter

$1.52B

total, 2026–2036

NATIONWIDE PROJECTED SAVINGS, 2027–2036

$391.9B



$350.3B
Federal spending

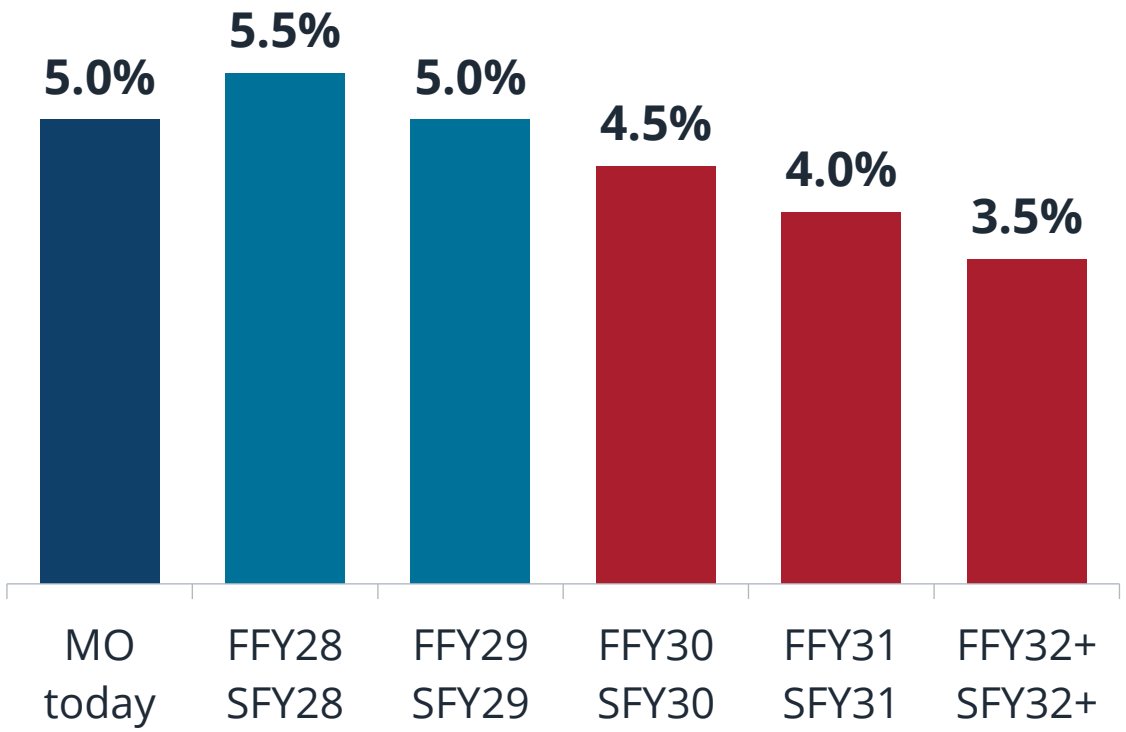
$41.6B
State spending

$258:1

CMS projected return on investment *(We will see.....)*

H.R. 1 - The FRA: Federal Caps Reduces Missouri Medicaid Federal Funding

- Missouri's hospital provider tax (FRA) has funded Medicaid since 1992 – with a 6.0% federal cap
- H.R. 1 reduces caps to 5.5% in FFY28, then down 0.5 percentage points per year to **3.5% by FFY32**
- Missouri's rate is 5.0% today
- Each 0.1% cut: **$83.3M** to Missouri hospitals
- Each 0.5-pt annual reduction after SFY29: **about $416.5M a year**
- MHA warns proposals could cut **$1.2B** in patient-care funding



FFY bars = federal cap. Red = below Missouri's current 5.0% rate. Each FFY begins Oct. 1, three months into the matching Missouri SFY.

Sources: MHA 2026 legislative briefing p.2; MHA H.R. 1 FRA analysis (Oct. 2026).

Defending 340B

FEDERAL: REBATE MODEL

- **Starts Jan. 1, 2027** includes 10 drug manufacturers and 21 drugs
- Hospitals and retail pharmacies pay full price up front then wait for rebates
- Hospitals sued Oct. 9 to stop it

MISSOURI: THE BATTLE IN THE STATES

- **2024, SB 751: a huge win.** Drugmakers may not block 340B drugs to a hospital's contract pharmacies
- **Pharma sued; the fight continues in court:** 4 drugmaker lawsuits: 1 won (8th Cir., July 2026), 3 still pending in federal court
- **Drugmakers openly defying state law,** costing Missouri hospitals hundreds of millions of dollars
- **In the legislature:** we've fought drugmakers' bills to undercut 340B for several sessions, and more are coming in 2027

Why it matters: 340B costs taxpayers nothing. Its savings help hospitals sustain care for rural and low-income patients.

Sources: HRSA 340B Rebate Model Pilot page; AHA v. Kennedy (D. Me.); RSMo 376.414; Novartis v. Hanaway, No. 25-1619 (8th Cir. July 1, 2026); federal dockets via CourtListener. Noncompliance and 2027 outlook are the presenter's assessment.

CY 2027 Proposed OPPS: 340B Payment Reduction and Remedy

340B drug payment reduction

ASP + 6% → **ASP – 33.4%**

Current OPPS rate | Proposed, CY 2027

~37% cut: est. $4.55B less in Part B drug payments and $1.15B less beneficiary cost-sharing in year one
Budget neutral: redistributed to all OPPS hospitals as an ~8.44% increase in non-drug rates
Exempt: rural SCHs, children's hospitals and PPS-exempt cancer hospitals

Impact in Missouri: 340B ASP -33.4% = -$148,492,300, 340B budget neutrality = $110,290,200, total reduction of $38,202,100

Based on CMS acquisition cost survey: 340B drugs acquired ~33.4% below ASP

340B remedy offset of previous CMS unlawful payment reductions

0.5% → **3.0%**

Current annual cut | Proposed, CY 2027

Purpose: recoup $7.8B in non-drug OPPS payments made for CY 2018–2022
Timeline: full recovery projected by end of CY 2029, versus ~16 years at 0.5%
Who: hospitals enrolled on or before Jan. 1, 2018; est. $2.3B reduction in CY 2027
Compounding: for most 340B hospitals, the drug cut outweighs the non-drug increase

Impact in Missouri: -$34,717,100

Applied to the OPPS conversion factor for non-drug items and services

Status: proposed only. Comments closed Aug. 31, 2026; final rule expected this fall. Similar 2018 cuts (ASP – 22.5%) were struck down by the Supreme Court in 2022.

Source: CMS CY 2027 OPPS/ASC proposed rule (CMS-1850-P)

Site-Neutral Payments

Same service, different costs: site-neutral cuts

Medicare is moving hospital Outpatient PPS payment rates toward a physician fee schedule equivalent rate (SCH exempt).

A hospital department carries what an office does not: **hospital-level regulation.**

The cuts so far hit certain Medicare OPPS reimbursed off-campus provider-based departments. The next fight is preventing CMS from finalizing additional off-campus PBD reductions and preventing Congress from reducing OPPS on-campus services.

2015 — **Congress: Bipartisan Budget Act, Sec. 603**

New off-campus provider-based departments paid at Medicare physician fee schedule equivalent rates. Existing sites grandfathered.

CY2019 — **CMS: clinic visits (G0463)**

Evaluation and management services provided in an off-campus PBD – OPPS rate reduced to Medicare physician fee schedule equivalent rate. Phased in 2019–2020; upheld in court in 2020. Sole community hospitals exempt.

CY2026 — **CMS: drug administration**

Infusions and injections at grandfathered off-campus PBD – OPPS rate reduced to PFS equivalent rates. SCH hospitals exempt.

Next — **CMS Proposed: selected imaging without contrast (agency fight)**

Selected imaging without contrast provided at grandfathered off-campus PBD – OPPS rates cut to PFS equivalent. SCH hospitals exempt.

Next — **Proposed: on-campus expansion (legislative fight)**

Lawmakers are weighing site-neutral cuts for on-campus hospital outpatient departments.

Missouri Marketplace Enrollment by County: 2025 to 2026

Statewide

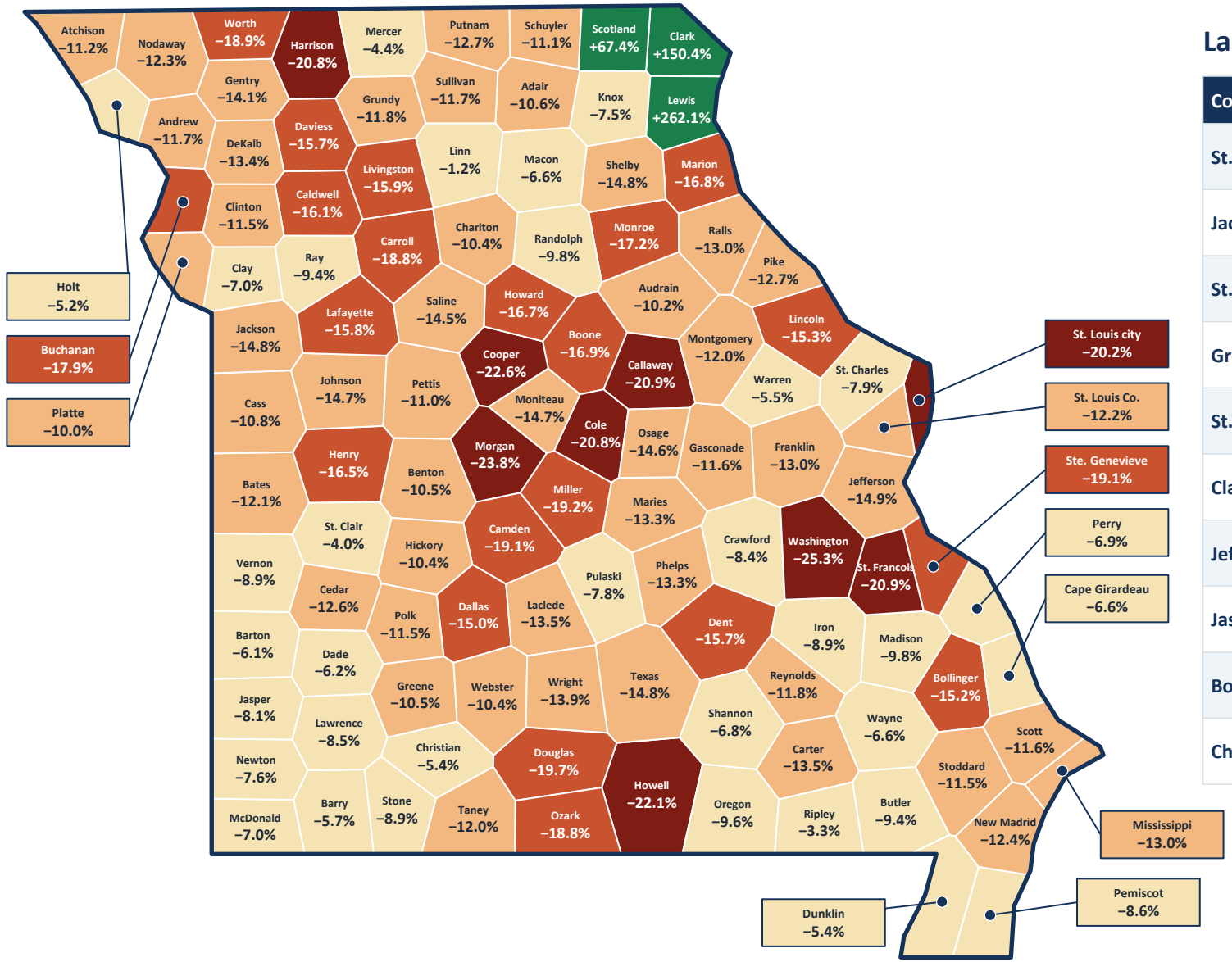
−12.3%

2025: 417,000
2026: 365,734
Change: −51,266

Percent change (county count)

- Increase (3)
- 0 to −10% (34)
- −10 to −15% (48)
- −15 to −20% (21)
- −20% or worse (9)

Largest % decline: Washington (−25.3%)
Increases: Lewis +262.1%; Clark +150.4%; Scotland +67.4%



Largest markets

County	2026	Change
St. Louis Co.	61,362	−8,519 −12.2%
Jackson	45,566	−7,903 −14.8%
St. Louis city	22,766	−5,747 −20.2%
Greene	21,204	−2,486 −10.5%
St. Charles	17,815	−1,520 −7.9%
Clay	13,063	−976 −7.0%
Jefferson	10,931	−1,921 −14.9%
Jasper	7,999	−705 −8.1%
Boone	7,218	−1,470 −16.9%
Christian	6,797	−386 −5.4%

County shapes are approximate: drawn from county center points, not official boundaries.

CMS-9873-P: Exchange Pre-Eligibility Verification Proposed Rule (H.R. 1)

Implements premium tax credit changes in Working Families Tax Cuts law (P.L. 119-21, sec. 71303) | Issued Oct. 23, 2026

Verify before APTC and CSRs are paid

- **Household income and family size**
- **Citizen, national or eligible noncitizen status**
- **Eligibility for other qualifying coverage**
- **Place of residence**

What changes for consumers and Exchanges

No financial help while pending: consumers can still enroll without it during the inconsistency period
Annual re-verification: enrollees keep assistance at auto re-enrollment only if they return and re-verify
Contingent plan selection: plan starts only once eligibility for assistance is confirmed
Exceptions and fixes: family-size SEPs waived; assistance made retroactive after verification

Oct. 23, 2026
Proposed rule issued; 30-day comment period after Federal Register publication

Aug. 1, 2027
First pre-open enrollment verification window opens

Plan year 2028
Verification requirements effective for eligibility determinations

Source: CMS fact sheet, Exchange Pre-Eligibility Verification Proposed Rule (CMS 9873-P), Oct. 23, 2026. Proposed rule only; not final.

State Budget in Turmoil: Substantial Reductions Ahead

$2B

Projected FY2028 budget gap

Gov. Kehoe projects a shortfall of more than $500M in FY2028, even after $441M in FY2027 spending restrictions.

- The cushion is gone: general revenue balance falls from **$4.3B** (FY2025) to a projected **$4.7M** (FY2027)
- Spending outpaced revenue: nearly **$13B** in new general revenue spending since FY2022; more than **$600M** cut from the core budget

Sources: MHA 2026 legislative briefing p.2; Office of Gov. Kehoe (Jan. 13 and June 30, 2026); FY2027 Executive Budget.

Projected SFY2028 Hospital Reductions

$326M

Hospital reimbursement reductions by the end of SFY2028

From Medicaid work requirements and state directed payment cuts

$171M

Medicaid work requirements: 45,000+ expansion adults lose coverage in SFY2027, a $302M total Medicaid reduction

$155M

State directed payment cuts begin during SFY2028, growing to $839M in ongoing annual losses

Six-month reverifications will add significant coverage losses and uncompensated care starting in 2027.

Source: MHA letter to MO HealthNet Division, July 17, 2026.

If it seems like hospitals are under siege, you're not wrong.

Relationships with the Congressional delegation, Missouri legislators, and federal and state regulators matter **more than ever.**

They fund programs while writing the laws and regulations.

When they know us, they act for us.

PROOF: SEN. JOSH HAWLEY

MHA gave his office rural hospital margin and days-cash data by district. He took MHA's changes and introduced S.4927, the bipartisan Rural Hospital ER Guarantee Act, on June 24, 2026.

"Congress must act swiftly to protect the necessary emergency care hardworking rural families deserve."

Sen. Hawley, June 24, 2026



Andrew B. Wheeler
Vice President of Federal Advocacy and Finance
573-893-3700, x1336
awheeler@mohospitals.org