



The Honorable Cindy Hyde-Smith
United States Senate
Washington, DC 20510

June 13, 2025

Dear Senator Hyde-Smith,

On behalf of the Mississippi Healthcare Collaborative, a mission-driven group serving vulnerable populations in a non-Medicaid expansion state, we write to express deep concern about key provisions in the House-passed version of the Big Beautiful Bill—specifically Sections 44132, 44133, and 44134. As currently drafted, these provisions would significantly disadvantage states like ours that have not expanded Medicaid and have approached Medicaid financing with restraint and fiscal responsibility.

While we share and applaud the goals of promoting transparency and ensuring sustainability in Medicaid financing, we are convinced that these sections, without targeted revision, would be egregiously unfair and would impose disproportionate burdens on non-expansion states. The result would be a structurally inequitable system that rewards states with more aggressive financing strategies while punishing those that have taken a more cautious approach.

We urge the Senate Finance Committee to revise these provisions to protect state flexibility, prevent funding inequities, and allow states time to adapt without undermining patient care in vulnerable communities. Below are our primary concerns with the current bill language, along with proposed solutions designed to ensure equitable treatment for all states.

- 1. Disproportionate Impact on Non-Expansion States (Sections 44132 & 44133):**
The current language penalizes non-expansion states that have historically spent less while rewarding expansion states with higher grandfathered limits.
Solution: Limit application of Sections 44132 and 44133 only to expansion states and change the implementation deadline from the date of enactment to **December 31, 2025**.
- 2. Tax Moratorium Is Not Targeted and Contains Ambiguities; Date is Problematic (Section 44132):**
Solution: Revise the tax language (Section 44132) to allow States to tax up to the higher of 5% of net patient revenues for the assessed permissible class of health care items or services or the percentage of net patient revenues provided for in legislation or regulation enacted or adopted before December 31, 2025.

3. Overbroad and Subjective Waiver Test (Section 44134):

Solution: To the extent the target is MCO taxes, limit Section 44134 to MCO taxes.

4. Ambiguous Language in SDP Payment Limit: Language Only Applies to Preprints Pending for the Rating Period Effective As of Date of Exactment (Section 44133):

Solution: Clarify language in Section 44133 so that grandfathering applies to **any** rating period for which a preprint was submitted and to state directed payment amounts before December 31, 2025.

5. 5SDP Payment Limit Does Not Allow For Growth (Section 44133):

Solution: Adjust the SDP Limit language (Section 44133) to allow a reasonable growth factor.

6. Where the SDP Payment Limit to Medicare Is Unintentionally Stricter than Existing Fee-For-Service Rules Could Cause States to Move Away from Managed Care (Section 44133)

Solution: Clarify language in Section 44133 so that the limit is the greater of what is permitted under regulations and guidance applicable to fee-for-service or the Medicare payment rate.

7. No Constraints on HHS Regulations Consistent with Loper Bright:

Solution: Specify how Congress wants regulations issued and require consultation with states.

We have attached a recommended redline edit of Section 44133 for easy reference.

By freezing provider tax allowances and institutionalizing discrepancies between expansion and non-expansion states, the bill in its current form threatens to destabilize access to care in underserved regions. These provisions not only diminish state autonomy but also penalize those states that have acted with budgetary caution.

As the Senate refines its version of this critical legislation, we ask that you champion the practical, equitable adjustments outlined above. These changes are essential to prevent unintended harm and ensure that all states—regardless of their Medicaid expansion status—can continue to support high-quality care for vulnerable populations.

Thank you for your leadership and for your commitment to a Medicaid program that works for every community.

Sincerely,



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