

# State Priorities

## 1. Rural Transformation Program

We are advocating for the establishment of state grant programs to incentivize hospitals eligible for Rural Emergency Hospital (REH) status but not yet transitioned. Utilizing federal subsidized grants in tandem with the REH designation will not only improve access to emergency care but will also maximize resource efficiency across rural healthcare networks.

## 2. 340B Program

Continued advocacy for provider best practices to ensure eligible hospitals and health clinics retain 340B status and effectively leverage the program.

## 3. DSH Program

The Disproportionate Share Hospital (DSH) Program increases access to healthcare for low-income and uninsured populations by providing federal and state funding to eligible hospitals. Hospitals receive payments based on their uncompensated costs for treating Medicaid and uninsured patients. Hospitals must serve a disproportionately high number of low-income patients, often defined by specific criteria like Medicaid inpatient utilization rates. We support getting credit for one-day stays in DSH payment calculations.

## 4. 2027 MHAP/supplemental preprint preparation

We are working to identify potential changes by CMS to the MHAP ACR program, which has been the largest factor in protecting access to care and jobs, and working to mitigate any negative effects of such changes.

## 5. CON Regulations

We are conducting a comprehensive review and recommending critical updates to the Certificate of Need policy, with particular attention to areas such as ambulatory surgery centers, high-cost medical equipment, and dialysis chronic care units. We will consider the unique challenges facing rural hospitals and propose adjustments that ensure these institutions remain viable and compliant.

## 6. OBBBA full effect

The One Big Beautiful Bill Act (OBBBA) is a sweeping piece of legislation that reshapes healthcare financing and delivery across Medicaid, Medicare, and the insurance marketplaces. The bill will have significant impacts on the healthcare sector.

Much of the public commentary has focused on dire predictions that millions will lose coverage. While those headlines capture the scale of disruption, healthcare leaders should pay close attention to the regulatory details of the bill.

The OBBBA makes technical but highly consequential changes to eligibility, provider funding, and state financing mechanisms. For hospitals, particularly safety-net and rural facilities, these provisions could significantly alter reimbursement flows, increase compliance obligations, and intensify the pressure to manage uncompensated care.

Hospital systems – including system leaders, compliance teams and finance departments – should take proactive steps now to prepare for these changes.