

1 (1) in paragraph (3)(E), by inserting after
2 *clause (ii)(II) the following new clause:*

3 *“(iii) For purposes of clause (ii)(I), a tax is not con-*
4 *sidered to be generally redistributive if any of the following*
5 *conditions apply:*

6 *“(I) Within a permissible class, the tax rate im-*
7 *posed on any taxpayer or tax rate group (as defined*
8 *in paragraph (7)(J)) explicitly defined by its rel-*
9 *atively lower volume or percentage of Medicaid tax-*
10 *able units (as defined in paragraph (7)(H)) is lower*
11 *than the tax rate imposed on any other taxpayer or*
12 *tax rate group explicitly defined by its relatively*
13 *higher volume or percentage of Medicaid taxable*
14 *units.*

15 *“(II) Within a permissible class, the tax rate im-*
16 *posed on any taxpayer or tax rate group (as so de-*
17 *efined) based upon its Medicaid taxable units (as so*
18 *defined) is higher than the tax rate imposed on any*
19 *taxpayer or tax rate group based upon its non-Med-*
20 *icaid taxable unit (as defined in paragraph (7)(I)).*

21 *“(III) The tax excludes or imposes a lower tax*
22 *rate on a taxpayer or tax rate group (as so defined)*
23 *based on or defined by any description that results in*
24 *the same effect as described in subclause (I) or (II) for*
25 *a taxpayer or tax rate group. Characteristics that*

1 *may indicate such type of exclusion include the use*
 2 *of terminology to establish a tax rate group—*

3 *“(aa) based on payments or expenditures*
 4 *made under the program under this title without*
 5 *mentioning the term ‘Medicaid’ (or any similar*
 6 *term) to accomplish the same effect as described*
 7 *in subclause (I) or (II); or*

8 *“(bb) that closely approximates a taxpayer*
 9 *or tax rate group under the program under this*
 10 *title, to the same effect as described in subclause*
 11 *(I) or (II).”;* and

12 *(2) in paragraph (7), by adding at the end the*
 13 *following new subparagraphs:*

14 *“(H) The term ‘Medicaid taxable unit’ means a*
 15 *unit that is being taxed within a health care related*
 16 *tax that is applicable to the program under this title.*
 17 *Such term includes a unit that is used as the basis*
 18 *for—*

19 *“(i) payment under the program under this*
 20 *title (such as Medicaid bed days);*

21 *“(ii) Medicaid revenue;*

22 *“(iii) costs associated with the program*
 23 *under this title (such as Medicaid charges,*
 24 *claims, or expenditures); and*

1 “(iv) other units associated with the pro-
 2 gram under this title, as determined by the Sec-
 3 retary.

4 “(I) The term ‘non-Medicaid taxable unit’ means
 5 a unit that is being taxed within a health care related
 6 tax that is not applicable to the program under this
 7 title. Such term includes a unit that is used as the
 8 basis for—

9 “(i) payment by non-Medicaid payers (such
 10 as non-Medicaid bed days);

11 “(ii) non-Medicaid revenue;

12 “(iii) costs that are not associated with the
 13 program under this title (such as non-Medicaid
 14 charges, non-Medicaid claims, or non-Medicaid
 15 expenditures); and

16 “(iv) other units not associated with the
 17 program under this title, as determined by the
 18 Secretary.

19 “(J) The term ‘tax rate group’ means a group of
 20 entities contained within a permissible class of a
 21 health care related tax that are taxed at the same
 22 rate.”.

23 (b) NON-APPLICATION TO TERRITORIES.—The amend-
 24 ments made by this section shall only apply with respect

1 to a State that is 1 of the 50 States or the District of Colum-
 2 bia.

3 (c) *EFFECTIVE DATE.*—The amendments made by this
 4 section shall take effect upon the date of enactment of this
 5 Act, subject to any applicable transition period determined
 6 appropriate by the Secretary of Health and Human Serv-
 7 ices, not to exceed 3 fiscal years.

8 **SEC. 71118. REQUIRING BUDGET NEUTRALITY FOR MED-**
 9 **ICAID DEMONSTRATION PROJECTS UNDER**
 10 **SECTION 1115.**

11 (a) *IN GENERAL.*—Section 1115 of the Social Security
 12 Act (42 U.S.C. 1315) is amended by adding at the end the
 13 following new subsection:

14 “(g) *REQUIREMENT OF BUDGET NEUTRALITY FOR*
 15 *MEDICAID DEMONSTRATION PROJECTS.*—

16 “(1) *IN GENERAL.*—Beginning January 1 2027,
 17 the Secretary may not approve an application for (or
 18 renewal or amendment of) an experimental, pilot, or
 19 demonstration project undertaken under subsection
 20 (a) to promote the objectives of title XIX in a State
 21 (in this subsection referred to as a ‘Medicaid dem-
 22 onstration project’) unless the Chief Actuary for the
 23 Centers for Medicare & Medicaid Services certifies
 24 that such project, or, in the case of a renewal, the du-
 25 ration of the preceding waiver, is not expected to re-

1 *sult in an increase in the amount of Federal expendi-*
 2 *tures compared to the amount that such expenditures*
 3 *would otherwise be in the absence of such project. For*
 4 *purposes of this subsection, expenditures for the cov-*
 5 *erage of populations and services that the State could*
 6 *have otherwise provided through its Medicaid State*
 7 *plan or other authority under title XIX, including ex-*
 8 *penditures that could be made under such authority*
 9 *but for the provision of such services at a different*
 10 *site of service than authorized under such State plan*
 11 *or other authority, shall be considered expenditures in*
 12 *the absence of such a project.*

13 “(2) *TREATMENT OF SAVINGS.—In the event that*
 14 *expenditures with respect to a State under a Medicaid*
 15 *demonstration project are, during an approval period*
 16 *for such project, less than the amount of such expendi-*
 17 *tures that would have otherwise been made in the ab-*
 18 *sence of such project, the Secretary shall specify the*
 19 *methodology to be used with respect to the subsequent*
 20 *approval period for such project for purposes of tak-*
 21 *ing the difference between such expenditures into ac-*
 22 *count.”.*

23 (b) *IMPLEMENTATION FUNDING.—For the purposes of*
 24 *carrying out the provisions of, and the amendments made*
 25 *by, this section, there are appropriated, out of any monies*

1 *in the Treasury not otherwise appropriated, to the Admin-*
 2 *istrator of the Centers for Medicare & Medicaid Services,*
 3 *\$5,000,000 for each of fiscal years 2026 and 2027, to re-*
 4 *main available until expended.*

5 ***Subchapter D—Increasing Personal***
 6 ***Accountability***

7 ***SEC. 71119. REQUIREMENT FOR STATES TO ESTABLISH***
 8 ***MEDICAID COMMUNITY ENGAGEMENT RE-***
 9 ***QUIREMENTS FOR CERTAIN INDIVIDUALS.***

10 *(a) IN GENERAL.—Section 1902 of the Social Security*
 11 *Act (42 U.S.C. 1396a), as amended by sections 71103 and*
 12 *71104, is further amended by adding at the end the fol-*
 13 *lowing new subsection:*

14 *“(xx) COMMUNITY ENGAGEMENT REQUIREMENT FOR*
 15 *APPLICABLE INDIVIDUALS.—*

16 *“(1) IN GENERAL.—Except as provided in para-*
 17 *graph (11), beginning not later than the first day of*
 18 *the first quarter that begins after December 31, 2026,*
 19 *or, at the option of the State under a waiver or dem-*
 20 *onstration project under section 1115 or the State*
 21 *plan, such earlier date as the State may specify, sub-*
 22 *ject to the succeeding provisions of this subsection, a*
 23 *State shall provide, as a condition of eligibility for*
 24 *medical assistance for an applicable individual, that*

1 *such individual is required to demonstrate commu-*
2 *nity engagement under paragraph (2)—*

3 *“(A) in the case of an applicable individual*
4 *who has filed an application for medical assist-*
5 *ance under a State plan (or a waiver of such*
6 *plan) under this title, for 1 or more but not more*
7 *than 3 (as specified by the State) consecutive*
8 *months immediately preceding the month during*
9 *which such individual applies for such medical*
10 *assistance; and*

11 *“(B) in the case of an applicable individual*
12 *enrolled and receiving medical assistance under*
13 *a State plan (or under a waiver of such plan)*
14 *under this title, for 1 or more (as specified by the*
15 *State) months, whether or not consecutive—*

16 *“(i) during the period between such in-*
17 *dividual’s most recent determination (or re-*
18 *determination, as applicable) of eligibility*
19 *and such individual’s next regularly sched-*
20 *uled redetermination of eligibility (as*
21 *verified by the State as part of such regu-*
22 *larly scheduled redetermination of eligi-*
23 *bility); or*

24 *“(ii) in the case of a State that has*
25 *elected under paragraph (4) to conduct*

1 *more frequent verifications of compliance*
 2 *with the requirement to demonstrate com-*
 3 *munity engagement, during the period be-*
 4 *tween the most recent and next such*
 5 *verification with respect to such individual.*

6 “(2) *COMMUNITY ENGAGEMENT COMPLIANCE DE-*
 7 *SCRIBED.—Subject to paragraph (3), an applicable*
 8 *individual demonstrates community engagement*
 9 *under this paragraph for a month if such individual*
 10 *meets 1 or more of the following conditions with re-*
 11 *spect to such month, as determined in accordance*
 12 *with criteria established by the Secretary through reg-*
 13 *ulation:*

14 “(A) *The individual works not less than 80*
 15 *hours.*

16 “(B) *The individual completes not less than*
 17 *80 hours of community service.*

18 “(C) *The individual participates in a work*
 19 *program for not less than 80 hours.*

20 “(D) *The individual is enrolled in an edu-*
 21 *cational program at least half-time.*

22 “(E) *The individual engages in any com-*
 23 *bination of the activities described in subpara-*
 24 *graphs (A) through (D), for a total of not less*
 25 *than 80 hours.*

1 “(F) *The individual has a monthly income*
 2 *that is not less than the applicable minimum*
 3 *wage requirement under section 6 of the Fair*
 4 *Labor Standards Act of 1938, multiplied by 80*
 5 *hours.*

6 “(G) *The individual had an average month-*
 7 *ly income over the preceding 6 months that is*
 8 *not less than the applicable minimum wage re-*
 9 *quirement under section 6 of the Fair Labor*
 10 *Standards Act of 1938 multiplied by 80 hours,*
 11 *and is a seasonal worker, as described in section*
 12 *45R(d)(5)(B) of the Internal Revenue Code of*
 13 *1986 .*

14 “(3) *EXCEPTIONS.—*

15 “(A) *MANDATORY EXCEPTION FOR CERTAIN*
 16 *INDIVIDUALS.—The State shall deem an applica-*
 17 *ble individual to have demonstrated community*
 18 *engagement under paragraph (2) for a month,*
 19 *and may elect to not require an individual to*
 20 *verify information resulting in such deeming,*
 21 *if—*

22 “(i) *for part or all of such month, the*
 23 *individual—*

1 “(I) was a specified excluded indi-
 2 vidual (as defined in paragraph
 3 (9)(A)(ii)); or

4 “(II) was—

5 “(aa) under the age of 19;

6 “(bb) entitled to, or enrolled
 7 for, benefits under part A of title
 8 XVIII, or enrolled for benefits
 9 under part B of title XVIII; or

10 “(cc) described in any of sub-
 11 clauses (I) through (VII) of sub-
 12 section (a)(10)(A)(i); or

13 “(ii) at any point during the 3-month
 14 period ending on the first day of such
 15 month, the individual was an inmate of a
 16 public institution.

17 “(B) OPTIONAL EXCEPTION FOR SHORT-
 18 TERM HARDSHIP EVENTS.—

19 “(i) IN GENERAL.—The State plan (or
 20 waiver of such plan) may provide, in the
 21 case of an applicable individual who experi-
 22 ences a short-term hardship event during a
 23 month, that the State shall, under proce-
 24 dures established by the State (in accord-
 25 ance with standards specified by the Sec-

retary), in the case of a short-term hardship event described in clause (ii)(II) and, upon the request of such individual, a short-term hardship event described in subclause (I) or (III) of clause (ii), deem such individual to have demonstrated community engagement under paragraph (2) for such month.

“(ii) *SHORT-TERM HARDSHIP EVENT DEFINED.*—For purposes of this subparagraph, an applicable individual experiences a short-term hardship event during a month if, for part or all of such month—

“(I) such individual receives inpatient hospital services, nursing facility services, services in an intermediate care facility for individuals with intellectual disabilities, inpatient psychiatric hospital services, or such other services of similar acuity (including outpatient care relating to other services specified in this subclause) as the Secretary determines appropriate;

“(II) such individual resides in a county (or equivalent unit of local government)—

1 “(aa) in which there exists
2 an emergency or disaster declared
3 by the President pursuant to the
4 National Emergencies Act or the
5 Robert T. Stafford Disaster Relief
6 and Emergency Assistance Act; or

7 “(bb) that, subject to a re-
8 quest from the State to the Sec-
9 retary, made in such form, at
10 such time, and containing such
11 information as the Secretary may
12 require, has an unemployment
13 rate that is at or above the lesser
14 of—

15 “(AA) 8 percent; or

16 “(BB) 1.5 times the na-
17 tional unemployment rate; or

18 “(III) such individual or their de-
19 pendent must travel outside of their
20 community for an extended period of
21 time to receive medical services nec-
22 essary to treat a serious or complex
23 medical condition (as described in
24 paragraph (9)(A)(ii)(V)(ee)) that are

1 *not available within their community*
 2 *of residence.*

3 “(4) *OPTION TO CONDUCT MORE FREQUENT COM-*
 4 *PLIANCE VERIFICATIONS.*—*With respect to an appli-*
 5 *cable individual enrolled and receiving medical as-*
 6 *sistance under a State plan (or a waiver of such*
 7 *plan) under this title, the State shall verify (in ac-*
 8 *cordance with procedures specified by the Secretary)*
 9 *that each such individual has met the requirement to*
 10 *demonstrate community engagement under paragraph*
 11 *(1) during each such individual’s regularly scheduled*
 12 *redetermination of eligibility, except that a State may*
 13 *provide for such verifications more frequently.*

14 “(5) *EX PARTE VERIFICATIONS.*—*For purposes of*
 15 *verifying that an applicable individual has met the*
 16 *requirement to demonstrate community engagement*
 17 *under paragraph (1), or determining such individual*
 18 *to be deemed to have demonstrated community en-*
 19 *gagement under paragraph (3), or that an individual*
 20 *is a specified excluded individual under paragraph*
 21 *(9)(A)(ii), the State shall, in accordance with stand-*
 22 *ards established by the Secretary, establish processes*
 23 *and use reliable information available to the State*
 24 *(such as payroll data or payments or encounter data*
 25 *under this title for individuals and data on payments*

1 to such individuals for the provision of services cov-
 2 ered under this title) without requiring, where pos-
 3 sible, the applicable individual to submit additional
 4 information.

5 “(6) *PROCEDURE IN THE CASE OF NONCOMPLI-*
 6 *ANCE.*—

7 “(A) *IN GENERAL.*—If a State is unable to
 8 verify that an applicable individual has met the
 9 requirement to demonstrate community engage-
 10 ment under paragraph (1) (including, if appli-
 11 cable, by verifying that such individual was
 12 deemed to have demonstrated community engage-
 13 ment under paragraph (3)) the State shall (in
 14 accordance with standards specified by the Sec-
 15 retary)—

16 “(i) provide such individual with the
 17 notice of noncompliance described in sub-
 18 paragraph (B);

19 “(ii)(I) provide such individual with a
 20 period of 30 calendar days, beginning on
 21 the date on which such notice of noncompli-
 22 ance is received by the individual, to—

23 “(aa) make a satisfactory showing
 24 to the State of compliance with such
 25 requirement (including, if applicable,

1 *by showing that such individual was*
2 *or should be deemed to have dem-*
3 *onstrated community engagement*
4 *under paragraph (3)); or*

5 *“(bb) make a satisfactory showing*
6 *to the State that such requirement does*
7 *not apply to such individual on the*
8 *basis that such individual does not*
9 *meet the definition of applicable indi-*
10 *vidual under paragraph (9)(A); and*

11 *“(II) if such individual is enrolled*
12 *under the State plan (or a waiver of such*
13 *plan) under this title, continue to provide*
14 *such individual with medical assistance*
15 *during such 30-calendar-day period; and*

16 *“(iii) if no such satisfactory showing is*
17 *made and the individual is not a specified*
18 *excluded individual described in paragraph*
19 *(9)(A)(ii), deny such individual’s applica-*
20 *tion for medical assistance under the State*
21 *plan (or waiver of such plan) or, as appli-*
22 *cable, disenroll such individual from the*
23 *plan (or waiver of such plan) not later than*
24 *the end of the month following the month in*

1 *which such 30-calendar-day period ends,*
2 *provided that—*

3 “(I) *the State first determines*
4 *whether, with respect to the individual,*
5 *there is any other basis for eligibility*
6 *for medical assistance under the State*
7 *plan (or waiver of such plan) or for*
8 *another insurance affordability pro-*
9 *gram; and*

10 “(II) *the individual is provided*
11 *written notice and granted an oppor-*
12 *tunity for a fair hearing in accordance*
13 *with subsection (a)(3).*

14 “(B) *NOTICE.—The notice of noncompliance*
15 *provided to an applicable individual under sub-*
16 *paragraph (A)(i) shall include information (in*
17 *accordance with standards specified by the Sec-*
18 *retary) on—*

19 “(i) *how such individual may make a*
20 *satisfactory showing of compliance with*
21 *such requirement (as described in subpara-*
22 *graph (A)(ii)) or make a satisfactory show-*
23 *ing that such requirement does not apply to*
24 *such individual on the basis that such indi-*
25 *vidual does not meet the definition of appli-*

1 cable individual under paragraph (9)(A);
 2 and

3 “(ii) how such individual may reapply
 4 for medical assistance under the State plan
 5 (or a waiver of such plan) under this title
 6 in the case that such individuals’ applica-
 7 tion is denied or, as applicable, in the case
 8 that such individual is disenrolled from the
 9 plan (or waiver).

10 “(7) *TREATMENT OF NONCOMPLIANT INDIVID-*
 11 *UALS IN RELATION TO CERTAIN OTHER PROVISIONS.—*

12 “(A) *CERTAIN FMAP INCREASES.—A State*
 13 *shall not be treated as not providing medical as-*
 14 *sistance to all individuals described in section*
 15 *1902(a)(10)(A)(i)(VIII), or as not expending*
 16 *amounts for all such individuals under the State*
 17 *plan (or waiver of such plan), solely because*
 18 *such an individual is determined ineligible for*
 19 *medical assistance under the State plan (or*
 20 *waiver) on the basis of a failure to meet the re-*
 21 *quirement to demonstrate community engage-*
 22 *ment under paragraph (1).*

23 “(B) *OTHER PROVISIONS.—For purposes of*
 24 *section 36B(c)(2)(B) of the Internal Revenue*
 25 *Code of 1986, an individual shall be deemed to*

1 *be eligible for minimum essential coverage de-*
 2 *scribed in section 5000A(f)(1)(A)(ii) of such Code*
 3 *for a month if such individual would have been*
 4 *eligible for medical assistance under a State*
 5 *plan (or a waiver of such plan) under this title*
 6 *but for a failure to meet the requirement to dem-*
 7 *onstrate community engagement under para-*
 8 *graph (1).*

9 “(8) *OUTREACH.*—

10 “(A) *IN GENERAL.*—*In accordance with*
 11 *standards specified by the Secretary, beginning*
 12 *not later than the date that precedes December*
 13 *31, 2026 (or, if the State elects under paragraph*
 14 *(1) to specify an earlier date, such earlier date)*
 15 *by the number of months specified by the State*
 16 *under paragraph (1)(A) plus 3 months, and pe-*
 17 *riodically thereafter, the State shall notify appli-*
 18 *cable individuals enrolled under a State plan (or*
 19 *waiver) under this title of the requirement to*
 20 *demonstrate community engagement under this*
 21 *subsection. Such notice shall include information*
 22 *on—*

23 “(i) *how to comply with such require-*
 24 *ment, including an explanation of the ex-*
 25 *ceptions to such requirement under para-*

graph (3) and the definition of the term
‘applicable individual’ under paragraph
(9)(A);

“(ii) the consequences of noncompliance with such requirement; and

“(iii) how to report to the State any change in the individual’s status that could result in—

“(I) the applicability of an exception under paragraph (3) (or the end of the applicability of such an exception); or

“(II) the individual qualifying as a specified excluded individual under paragraph (9)(A)(ii).

“(B) FORM OF OUTREACH NOTICE.—A notice required under subparagraph (A) shall be delivered—

“(i) by regular mail (or, if elected by the individual, in an electronic format); and

“(ii) in 1 or more additional forms, which may include telephone, text message, an internet website, other commonly avail-

1 *able electronic means, and such other forms*
 2 *as the Secretary determines appropriate.*

3 “(9) *DEFINITIONS.—In this subsection:*

4 “(A) *APPLICABLE INDIVIDUAL.—*

5 “(i) *IN GENERAL.—The term ‘applica-*
 6 *ble individual’ means an individual (other*
 7 *than a specified excluded individual (as de-*
 8 *finied in clause (ii))—*

9 “(I) *who is eligible to enroll (or is*
 10 *enrolled) under the State plan under*
 11 *subsection (a)(10)(A)(i)(VIII); or*

12 “(II) *who—*

13 “(aa) *is otherwise eligible to*
 14 *enroll (or is enrolled) under a*
 15 *waiver of such plan that provides*
 16 *coverage that is equivalent to*
 17 *minimum essential coverage (as*
 18 *described in section*
 19 *5000A(f)(1)(A) of the Internal*
 20 *Revenue Code of 1986 and as de-*
 21 *termined in accordance with*
 22 *standards prescribed by the Sec-*
 23 *retary in regulations); and*

24 “(bb) *has attained the age of*
 25 *19 and is under 65 years of age,*

1 *is not pregnant, is not entitled to,*
 2 *or enrolled for, benefits under part*
 3 *A of title XVIII, or enrolled for*
 4 *benefits under part B of title*
 5 *XVIII, and is not otherwise eligi-*
 6 *ble to enroll under such plan.*

7 “(ii) *SPECIFIED EXCLUDED INDIVIDUAL.*—*For purposes of clause (i), the*
 8 *term ‘specified excluded individual’ means*
 9 *an individual, as determined by the State*
 10 *(in accordance with standards specified by*
 11 *the Secretary)—*

12 *“(I) who is described in subsection*
 13 *(a)(10)(A)(i)(IX);*

14 *“(II) who—*

15 *“(aa) is an Indian or an*
 16 *Urban Indian (as such terms are*
 17 *defined in paragraphs (13) and*
 18 *(28) of section 4 of the Indian*
 19 *Health Care Improvement Act);*

20 *“(bb) is a California Indian*
 21 *described in section 809(a) of such*
 22 *Act; or*

23 *“(cc) has otherwise been de-*
 24 *termined eligible as an Indian for*
 25

1 *the Indian Health Service under*
2 *regulations promulgated by the*
3 *Secretary;*

4 “(III) *who is the parent, guard-*
5 *ian, caretaker relative, or family care-*
6 *giver (as defined in section 2 of the*
7 *RAISE Family Caregivers Act) of a*
8 *dependent child 13 years of age and*
9 *under or a disabled individual;*

10 “(IV) *who is a veteran with a dis-*
11 *ability rated as total under section*
12 *1155 of title 38, United States Code;*

13 “(V) *who is medically frail or oth-*
14 *erwise has special medical needs (as*
15 *defined by the Secretary), including an*
16 *individual—*

17 “(aa) *who is blind or dis-*
18 *abled (as defined in section 1614);*

19 “(bb) *with a substance use*
20 *disorder;*

21 “(cc) *with a disabling mental*
22 *disorder;*

23 “(dd) *with a physical, intel-*
24 *lectual or developmental disability*
25 *that significantly impairs their*

1 *ability to perform 1 or more ac-*
2 *tivities of daily living; or*

3 *“(ee) with a serious or com-*
4 *plex medical condition;*

5 *“(VI) who—*

6 *“(aa) is in compliance with*
7 *any requirements imposed by the*
8 *State pursuant to section 407; or*

9 *“(bb) is a member of a house-*
10 *hold that receives supplemental*
11 *nutrition assistance program ben-*
12 *efits under the Food and Nutri-*
13 *tion Act of 2008 and is not ex-*
14 *empt from a work requirement*
15 *under such Act;*

16 *“(VII) who is participating in a*
17 *drug addiction or alcoholic treatment*
18 *and rehabilitation program (as defined*
19 *in section 3(h) of the Food and Nutri-*
20 *tion Act of 2008);*

21 *“(VIII) who is an inmate of a*
22 *public institution; or*

23 *“(IX) who is pregnant or entitled*
24 *to postpartum medical assistance*

1 under paragraph (5) or (16) of sub-
2 section (e).

3 “(B) *EDUCATIONAL PROGRAM*.—The term
4 ‘educational program’ includes—

5 “(i) an institution of higher education
6 (as defined in section 101 of the Higher
7 Education Act of 1965); and

8 “(ii) a program of career and technical
9 education (as defined in section 3 of the
10 Carl D. Perkins Career and Technical Edu-
11 cation Act of 2006).

12 “(C) *STATE*.—The term ‘State’ means 1 of
13 the 50 States or the District of Columbia.

14 “(D) *WORK PROGRAM*.—The term ‘work
15 program’ has the meaning given such term in
16 section 6(o)(1) of the Food and Nutrition Act of
17 2008.

18 “(10) *PROHIBITING WAIVER OF COMMUNITY EN-*
19 *GAGEMENT REQUIREMENTS*.—Notwithstanding section
20 1115(a), the provisions of this subsection may not be
21 waived.

22 “(11) *SPECIAL IMPLEMENTATION RULE*.—

23 “(A) *IN GENERAL*.—Subject to subpara-
24 graph (C), the Secretary may exempt a State

1 *from compliance with the requirements of this*
 2 *subsection if—*

3 “(i) *the State submits to the Secretary*
 4 *a request for such exemption, made in such*
 5 *form and at such time as the Secretary may*
 6 *require, and including the information*
 7 *specified in subparagraph (B); and*

8 “(ii) *the Secretary determines that*
 9 *based on such request, the State is dem-*
 10 *onstrating a good faith effort to comply*
 11 *with the requirements of this subsection.*

12 “(B) *GOOD FAITH EFFORT DETERMINA-*
 13 *TION.—In determining whether a State is dem-*
 14 *onstrating a good faith effort for purposes of sub-*
 15 *paragraph (A)(ii), the Secretary shall consider—*

16 “(i) *any actions taken by the State to-*
 17 *ward compliance with the requirements of*
 18 *this subsection;*

19 “(ii) *any significant barriers to or*
 20 *challenges in meeting such requirements, in-*
 21 *cluding related to funding, design, develop-*
 22 *ment, procurement, or installation of nec-*
 23 *essary systems or resources;*

24 “(iii) *the State’s detailed plan and*
 25 *timeline for achieving full compliance with*

1 *such requirements, including any milestones*
 2 *of such plan (as defined by the Secretary);*
 3 *and*

4 *“(iv) any other criteria determined ap-*
 5 *propriate by the Secretary.*

6 *“(C) DURATION OF EXEMPTION.—*

7 *“(i) IN GENERAL.—An exemption*
 8 *granted under subparagraph (A) shall ex-*
 9 *pire not later than December 31, 2028, and*
 10 *may not be renewed beyond such date.*

11 *“(ii) EARLY TERMINATION.—The Sec-*
 12 *retary may terminate an exemption granted*
 13 *under subparagraph (A) prior to the expi-*
 14 *ration date of such exemption if the Sec-*
 15 *retary determined that the State has—*

16 *“(I) failed to comply with the re-*
 17 *porting requirements described in sub-*
 18 *paragraph (D); or*

19 *“(II) based on the information*
 20 *provided pursuant to subparagraph*
 21 *(D), failed to make continued good*
 22 *faith efforts toward compliance with*
 23 *the requirements of this subsection.*

1 “(D) *REPORTING REQUIREMENTS.*—A State
 2 *granted an exemption under subparagraph (A)*
 3 *shall submit to the Secretary—*

4 “(i) *quarterly progress reports on the*
 5 *State’s status in achieving the milestones to-*
 6 *ward full compliance described in subpara-*
 7 *graph (B)(iii); and*

8 “(ii) *information on specific risks or*
 9 *newly identified barriers or challenges to*
 10 *full compliance, including the State’s plan*
 11 *to mitigate such risks, barriers, or chal-*
 12 *lenges.”.*

13 (b) *CONFORMING AMENDMENT.*—Section
 14 1902(a)(10)(A)(i)(VIII) of the Social Security Act (42
 15 U.S.C. 1396a(a)(10)(A)(i)(VIII)) is amended by striking
 16 “subject to subsection (k)” and inserting “subject to sub-
 17 sections (k) and (xx)”.

18 (c) *PROHIBITING CONFLICTS OF INTEREST.*—A State
 19 shall not use a Medicaid managed care entity or other speci-
 20 fied entity (as such terms are defined in section
 21 1903(m)(9)(D)), or other contractor to determine bene-
 22 ficiary compliance under such section unless the contractor
 23 has no direct or indirect financial relationship with any
 24 Medicaid managed care entity or other specified entity that
 25 is responsible for providing or arranging for coverage of

1 *medical assistance for individuals enrolled with the entity*
 2 *pursuant to a contract with such State.*

3 (d) *INTERIM FINAL RULEMAKING.*—*Not later than*
 4 *June 1, 2026, the Secretary of Health and Human Services*
 5 *shall promulgate an interim final rule for purposes of im-*
 6 *plementing the provisions of, and the amendments made by,*
 7 *this section. Any action taken to implement the provisions*
 8 *of, and the amendments made by, this section shall not be*
 9 *subject to the provisions of section 553 of title 5, United*
 10 *States Code.*

11 (e) *DEVELOPMENT OF GOVERNMENT EFFICIENCY*
 12 *GRANTS TO STATES.*—

13 (1) *IN GENERAL.*—*In order for States to estab-*
 14 *lish systems necessary to carry out the provisions of,*
 15 *and amendments made by, this section or other sec-*
 16 *tions of this chapter that pertain to conducting eligi-*
 17 *bility determinations or redeterminations, the Sec-*
 18 *retary of Health and Human Services shall—*

19 (A) *out of amounts appropriated under*
 20 *paragraph (3)(A), award to each State a grant*
 21 *equal to the amount specified in paragraph (2)*
 22 *for such State; and*

23 (B) *out of amounts appropriated under*
 24 *paragraph (3)(B), distribute an equal amount*
 25 *among such States.*

1 (2) *AMOUNT SPECIFIED.*—For purposes of para-
 2 graph (1)(A), the amount specified in this paragraph
 3 is an amount that bears the same ratio to the amount
 4 appropriated under paragraph (3)(A) as the number
 5 of applicable individuals (as defined in section
 6 1902(xx) of the Social Security Act, as added by sub-
 7 section (a)) residing in such State bears to the total
 8 number of such individuals residing in all States, as
 9 of March 31, 2025.

10 (3) *FUNDING.*—There are appropriated, out of
 11 any monies in the Treasury not otherwise appro-
 12 priated—

13 (A) \$100,000,000 for fiscal year 2026 for
 14 purposes of awarding grants under paragraph
 15 (1)(A), to remain available until expended; and

16 (B) \$100,000,000 for fiscal year 2026 for
 17 purposes of award grants under paragraph
 18 (1)(B), to remain available until expended.

19 (4) *DEFINITION.*—In this subsection, the term
 20 “State” means 1 of the 50 States and the District of
 21 Columbia.

22 (f) *IMPLEMENTATION FUNDING.*—For the purposes of
 23 carrying out the provisions of, and the amendments made
 24 by, this section, there are appropriated, out of any monies
 25 in the Treasury not otherwise appropriated, to the Admin-

1 *istrator of the Centers for Medicare & Medicaid Services,*
 2 *\$200,000,000 for fiscal year 2026, to remain available until*
 3 *expended.*

4 **SEC. 71120. MODIFYING COST SHARING REQUIREMENTS**
 5 **FOR CERTAIN EXPANSION INDIVIDUALS**
 6 **UNDER THE MEDICAID PROGRAM.**

7 *(a) IN GENERAL.—Section 1916 of the Social Security*
 8 *Act (42 U.S.C. 1396o) is amended—*

9 *(1) in subsection (a), in the matter preceding*
 10 *paragraph (1), by inserting “(other than, beginning*
 11 *October 1, 2028, specified individuals (as defined in*
 12 *subsection (k)(3)))” after “individuals”; and*

13 *(2) by adding at the end the following new sub-*
 14 *section:*

15 *“(k) SPECIAL RULES FOR CERTAIN EXPANSION INDIVIDUALS.—*
 16 *VIDUALS.—*

17 *“(1) PREMIUMS.—Beginning October 1, 2028,*
 18 *the State plan shall provide that in the case of a spec-*
 19 *ified individual (as defined in paragraph (3)) who is*
 20 *eligible under the plan, no enrollment fee, premium,*
 21 *or similar charge will be imposed under the plan.*

22 *“(2) REQUIRED IMPOSITION OF COST SHAR-*
 23 *ING.—*

24 *“(A) IN GENERAL.—Subject to subpara-*
 25 *graph (B) and subsection (j), in the case of a*

1 *specified individual, the State plan shall, begin-*
 2 *ning October 1, 2028, provide for the imposition*
 3 *of such deductions, cost sharing, or similar*
 4 *charges determined appropriate by the State (in*
 5 *an amount greater than \$0) with respect to cer-*
 6 *tain care, items, or services furnished to such an*
 7 *individual, as determined by the State.*

8 “(B) *LIMITATIONS.—*

9 “(i) *EXCLUSION OF CERTAIN SERV-*
 10 *ICES.—In no case may a deduction, cost*
 11 *sharing, or similar charge be imposed under*
 12 *the State plan with respect to care, items,*
 13 *or services described in any of subpara-*
 14 *graphs (B) through (J) of subsection (a)(2),*
 15 *or any primary care services, mental health*
 16 *care services, substance use disorder services,*
 17 *or services provided by a Federally qualified*
 18 *health center (as defined in 1905(l)(2)), cer-*
 19 *tified community behavioral health clinic*
 20 *(as defined in section 1905(jj)(2)), or rural*
 21 *health clinic (as defined in 1905(l)(1)), fur-*
 22 *nished to a specified individual.*

23 “(ii) *ITEM AND SERVICE LIMITA-*
 24 *TION.—*

1 “(I) *IN GENERAL.*—*Except as pro-*
2 *vided in subclause (II), in no case may*
3 *a deduction, cost sharing, or similar*
4 *charge imposed under the State plan*
5 *with respect to care or an item or serv-*
6 *ice furnished to a specified individual*
7 *exceed \$35.*

8 “(II) *SPECIAL RULES FOR PRE-*
9 *SCRIPTION DRUGS.*—*In no case may a*
10 *deduction, cost sharing, or similar*
11 *charge imposed under the State plan*
12 *with respect to a prescription drug fur-*
13 *nished to a specified individual exceed*
14 *the limit that would be applicable*
15 *under paragraph (2)(A)(i) or (2)(B) of*
16 *section 1916A(c) with respect to such*
17 *drug and individual if such drug so*
18 *furnished were subject to cost sharing*
19 *under such section.*

20 “(iii) *MAXIMUM LIMIT ON COST SHAR-*
21 *ING.*—*The total aggregate amount of deduc-*
22 *tions, cost sharing, or similar charges im-*
23 *posed under the State plan for all individ-*
24 *uals in the family may not exceed 5 percent*
25 *of the family income of the family involved,*

1 *as applied on a quarterly or monthly basis*
 2 *(as specified by the State).*

3 “(C) *CASES OF NONPAYMENT.*—*Notwith-*
 4 *standing subsection (e), a State may permit a*
 5 *provider participating under the State plan to*
 6 *require, as a condition for the provision of care,*
 7 *items, or services to a specified individual enti-*
 8 *tled to medical assistance under this title for*
 9 *such care, items, or services, the payment of any*
 10 *deductions, cost sharing, or similar charges au-*
 11 *thorized to be imposed with respect to such care,*
 12 *items, or services. Nothing in this subparagraph*
 13 *shall be construed as preventing a provider from*
 14 *reducing or waiving the application of such de-*
 15 *ductions, cost sharing, or similar charges on a*
 16 *case-by-case basis.*

17 “(3) *SPECIFIED INDIVIDUAL DEFINED.*—*For*
 18 *purposes of this subsection, the term ‘specified indi-*
 19 *vidual’ means an individual who has a family in-*
 20 *come (as determined in accordance with section*
 21 *1902(e)(14)) that exceeds the poverty line (as defined*
 22 *in section 2110(c)(5)) applicable to a family of the*
 23 *size involved and—*

24 “(A) *is enrolled under section*
 25 1902(a)(10)(A)(i)(VIII); or

“(B) is described in such subsection and otherwise enrolled under a waiver of the State plan that provides coverage that is equivalent to minimum essential coverage (as described in section 5000A(f)(1)(A) of the Internal Revenue Code of 1986 and determined in accordance with standards prescribed by the Secretary in regulations) to all individuals described in section 1902(a)(10)(A)(i)(VIII).

“(4) STATE DEFINED.—For purposes of this subsection, the term ‘State’ means 1 of the 50 States or the District of Columbia.”.

(b) CONFORMING AMENDMENTS.—

(1) REQUIRED APPLICATION.—Section 1902(a)(14) of the Social Security Act (42 U.S.C. 1396a(a)(14)) is amended by inserting “and provide for imposition of such deductions, cost sharing, or similar charges for care, items, or services furnished to specified individuals (as defined in paragraph (3) of section 1916(k)) in accordance with paragraph (2) of such section” after “section 1916”.

(2) NONAPPLICABILITY OF ALTERNATIVE COST SHARING.—Section 1916A(a)(1) of the Social Security Act (42 U.S.C. 1396o–1(a)(1)) is amended, in the

1 second sentence, by striking “or (j)” and inserting
2 “(j), or (k)”.

3 (c) *IMPLEMENTATION FUNDING.*—For the purposes of
4 carrying out the provisions of, and the amendments made
5 by, this section, there are appropriated, out of any monies
6 in the Treasury not otherwise appropriated, to the Admin-
7 istrator of the Centers for Medicare & Medicaid Services,
8 \$15,000,000 for fiscal year 2026, to remain available until
9 expended.

10 ***Subchapter E—Expanding Access to Care***

11 ***SEC. 71121. MAKING CERTAIN ADJUSTMENTS TO COVERAGE*** 12 ***OF HOME OR COMMUNITY-BASED SERVICES*** 13 ***UNDER MEDICAID.***

14 (a) *EXPANDING HCBS COVERAGE UNDER SECTION*
15 *1915(c) WAIVERS.*—Section 1915(c) of the Social Security
16 Act (42 U.S.C. 1396n(c)) is amended—

17 (1) in paragraph (3), by inserting “paragraph
18 (11) or” before “subsection (h)(2)”; and

19 (2) by adding at the end the following new para-
20 graph:

21 “(11) *EXPANDING COVERAGE FOR HOME OR COMMU-*
22 *NITY-BASED SERVICES.*—

23 “(A) *IN GENERAL.*—Beginning July 1, 2028,
24 notwithstanding paragraph (1), the Secretary may
25 approve a waiver that is standalone from any other

1 *waiver approved under this subsection to include as*
2 *medical assistance under the State plan of such State*
3 *payment for part or all of the cost of home or commu-*
4 *nity-based services (other than room and board (as*
5 *described in paragraph (1))) approved by the Sec-*
6 *retary which are provided pursuant to a written plan*
7 *of care to individuals described in subparagraph*
8 *(B)(iii). A waiver approved under this paragraph*
9 *shall be for an initial term of 3 years and, upon the*
10 *request of the State, shall be extended for additional*
11 *5-year periods unless the Secretary determines that*
12 *for the previous waiver period the requirements speci-*
13 *fied under this subsection (excluding those excepted*
14 *under subparagraph (B)) have not been met.*

15 “(B) *STATE REQUIREMENTS.—In addition to the*
16 *requirements specified under this subsection (except*
17 *for the requirements described in subparagraphs (C)*
18 *and (D) of paragraph (2) and any other requirement*
19 *specified under this subsection that the Secretary de-*
20 *termines to be inapplicable in the context of a waiver*
21 *that does not require individuals to have a determina-*
22 *tion described in paragraph (1)), a State shall meet*
23 *the following requirements as a condition of waiver*
24 *approval:*

1 “(i) *As of the date that such State requests*
2 *a waiver under this subsection to provide home*
3 *or community-based services to individuals de-*
4 *scribed in clause (iii), all other waivers (if any)*
5 *granted under this subsection to such State meet*
6 *the requirements of this subsection.*

7 “(ii) *The State demonstrates to the Sec-*
8 *retary that approval of a waiver under this sub-*
9 *section with respect to individuals described in*
10 *clause (iii) will not result in a material increase*
11 *of the average amount of time that individuals*
12 *with respect to whom a determination described*
13 *in paragraph (1) has been made will need to*
14 *wait to receive home or community-based serv-*
15 *ices under any other waiver granted under this*
16 *subsection, as determined by the Secretary.*

17 “(iii) *The State establishes needs-based cri-*
18 *teria, subject to the approval of the Secretary, re-*
19 *garding who will be eligible for home or commu-*
20 *nity-based services under a waiver approved*
21 *under this paragraph without requiring such in-*
22 *dividuals to have a determination described in*
23 *paragraph (1), and specifies the home or commu-*
24 *nity-based services such individuals so eligible*
25 *will receive.*

1 “(iv) *The State establishes needs-based cri-*
2 *teria for determining whether an individual de-*
3 *scribed in clause (iii) requires the level of care*
4 *provided in a hospital, nursing facility, or an*
5 *intermediate care facility for individuals with*
6 *developmental disabilities under the State plan*
7 *or under any waiver of such plan that are more*
8 *stringent than the needs-based criteria estab-*
9 *lished under clause (iii) for determining eligi-*
10 *bility for home or community-based services.*

11 “(v) *The State attests that the State’s aver-*
12 *age per capita expenditure for medical assistance*
13 *under the State plan (or waiver of such plan)*
14 *provided with respect to such individuals en-*
15 *rolled in a waiver under this paragraph will not*
16 *exceed the State’s average per capita expenditure*
17 *for medical assistance for individuals receiving*
18 *institutional care under the State plan (or waiv-*
19 *er of such plan) for the duration that the waiver*
20 *under this paragraph is in effect.*

21 “(vi) *The State provides to the Secretary*
22 *data (in such form and manner as the Secretary*
23 *may specify) regarding the number of individ-*
24 *uals described in clause (iii) with respect to a*
25 *State seeking approval of a waiver under this*

1 *subsection, to whom the State will make such*
 2 *services available under such waiver.*

3 *“(vii) The State agrees to provide to the*
 4 *Secretary, not less frequently than annually,*
 5 *data for purposes of paragraph (2)(E) (in such*
 6 *form and manner as the Secretary may specify)*
 7 *regarding, with respect to each preceding year in*
 8 *which a waiver under this subsection to provide*
 9 *home or community-based services to individuals*
 10 *described in clause (iii) was in effect—*

11 *“(I) the cost (as such term is defined*
 12 *by the Secretary) of such services furnished*
 13 *to individuals described in clause (iii), bro-*
 14 *ken down by type of service;*

15 *“(II) with respect to each type of home*
 16 *or community-based service provided under*
 17 *the waiver, the length of time that such in-*
 18 *dividuals have received such service;*

19 *“(III) a comparison between the data*
 20 *described in subclause (I) and any com-*
 21 *parable data available with respect to indi-*
 22 *viduals with respect to whom a determina-*
 23 *tion described in paragraph (1) has been*
 24 *made and with respect to individuals re-*

1 *ceiving institutional care under this title;*
 2 *and*

3 *“(IV) the number of individuals who*
 4 *have received home or community-based*
 5 *services under the waiver during the pre-*
 6 *ceding year.*

7 *“(C) LIMITATION ON PAYMENTS.—No payments*
 8 *made to carry out this paragraph shall be used by a*
 9 *State to make payments to a third party on behalf of*
 10 *an individual practitioner for benefits such as health*
 11 *insurance, skills training, and other benefits cus-*
 12 *tomary for employees, in the case of a class of practi-*
 13 *tioners for which the program established under this*
 14 *title is the primary source of revenue.”.*

15 *(b) IMPLEMENTATION FUNDING.—*

16 *(1) IN GENERAL.—There are appropriated, out*
 17 *of any monies in the Treasury not otherwise appro-*
 18 *priated, to the Administrator of the Centers for Medi-*
 19 *care & Medicaid Services—*

20 *(A) for fiscal year 2026, \$50,000,000 for*
 21 *purposes of carrying out the provisions of, and*
 22 *the amendments made by, this section, to remain*
 23 *available until expended; and*

24 *(B) for fiscal year 2027, \$100,000,000 for*
 25 *purposes of making payments to States, subject*

to paragraph (2), to support State systems to deliver home or community-based services under section 1915(c) of the Social Security Act (42 U.S.C. 1396n(c)) (as amended by this section) or under section 1115 of such Act (42 U.S.C. 1315), to remain available until expended.

(2) *PAYMENTS BASED ON STATE HCBS ELIGIBLE POPULATION.*—Payments to States from amounts made available by paragraph (1)(B) shall be made, with respect to a State, on the basis of the proportion of the population of the State that is receiving home or community-based services under section 1915(c) of the Social Security Act (42 U.S.C. 1396n(c)) (as amended by this section) or under section 1115 of such Act (42 U.S.C. 1315), as compared to all States.

CHAPTER 2—MEDICARE

Subchapter A—Strengthening Eligibility

Requirements

SEC. 71201. LIMITING MEDICARE COVERAGE OF CERTAIN INDIVIDUALS.

Title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) is amended by adding at the end the following new section:

1 **“SEC. 1899C. LIMITING MEDICARE COVERAGE OF CERTAIN**
 2 **INDIVIDUALS.**

3 “(a) *IN GENERAL.*—Subject to subsection (b), an indi-
 4 vidual may be entitled to, or enrolled for, benefits under
 5 this title only if the individual is—

6 “(1) *a citizen or national of the United States;*

7 “(2) *an alien who is lawfully admitted for per-*
 8 *manent residence under the Immigration and Nation-*
 9 *ality Act;*

10 “(3) *an alien who has been granted the status of*
 11 *Cuban and Haitian entrant, as defined in section*
 12 *501(e) of the Refugee Education Assistance Act of*
 13 *1980 (Public Law 96–422); or*

14 “(4) *an individual who lawfully resides in the*
 15 *United States in accordance with a Compact of Free*
 16 *Association referred to in section 402(b)(2)(G) of the*
 17 *Personal Responsibility and Work Opportunity Rec-*
 18 *onciliation Act of 1996.*

19 “(b) *APPLICATION TO INDIVIDUALS CURRENTLY ENTI-*
 20 *TLED TO OR ENROLLED FOR BENEFITS.*—

21 “(1) *IN GENERAL.*—In the case of an individual
 22 who is entitled to, or enrolled for, benefits under this
 23 title as of the date of the enactment of this section,
 24 subsection (a) shall apply beginning on the date that
 25 is 18 months after such date of enactment.

1 “(2) *REVIEW BY COMMISSIONER OF SOCIAL SE-*
2 *CURITY.—*

3 “(A) *IN GENERAL.—Not later than 1 year*
4 *after the date of the enactment of this section, the*
5 *Commissioner of Social Security shall complete a*
6 *review of individuals entitled to, or enrolled for,*
7 *benefits under this title as of such date of enact-*
8 *ment for purposes of identifying individuals not*
9 *described in any of paragraphs (1) through (4)*
10 *of subsection (a).*

11 “(B) *NOTICE.—The Commissioner of Social*
12 *Security shall notify each individual identified*
13 *under the review conducted under subparagraph*
14 *(A) that such individual’s entitlement to, or en-*
15 *rollment for, benefits under this title will be ter-*
16 *minated as of the date that is 18 months after*
17 *the date of the enactment of this section. Such*
18 *notification shall be made as soon as practicable*
19 *after such identification and in a manner de-*
20 *signed to ensure such individual’s comprehension*
21 *of such notification.”.*

1 ***Subchapter B—Improving Services for Seniors***

2 ***SEC. 71202. TEMPORARY PAYMENT INCREASE UNDER THE***

3 ***MEDICARE PHYSICIAN FEE SCHEDULE TO AC-***

4 ***COUNT FOR EXCEPTIONAL CIRCUMSTANCES.***

5 *(a) IN GENERAL.—Section 1848(t) of the Social Secu-*
 6 *rity Act (42 U.S.C. 1395w–4(t)) is amended—*

7 *(1) in the subsection heading, by striking “DUR-*
 8 *ING 2021 THROUGH 2024”;*

9 *(2) in paragraph (1)—*

10 *(A) in the matter preceding subparagraph*
 11 *(A), by striking “and 2024” and inserting*
 12 *“2024, and 2026”;*

13 *(B) in subparagraph (D), by striking “and”*
 14 *at the end;*

15 *(C) in subparagraph (E), by striking the*
 16 *period at the end and inserting “; and”; and*

17 *(D) by adding at the end the following new*
 18 *subparagraph:*

19 *“(F) such services furnished on or after*
 20 *January 1, 2026, and before January 1, 2027,*
 21 *by 2.5 percent.”; and*

22 *(3) in paragraph (2)(C)—*

23 *(A) in the subparagraph heading, by insert-*
 24 *ing “AND 2026” after “2024”; and*

1 (B) by striking “or 2024” each place it ap-
 2 pears and inserting “2024, or 2026”.

3 (b) CONFORMING AMENDMENT.—Section
 4 1848(c)(2)(B)(iv)(V) of the Social Security Act (42 U.S.C.
 5 1395w–4(c)(2)(B)(iv)(V)) is amended by striking “or 2024”
 6 and inserting “2024, or 2026”.

7 **SEC. 71203. EXPANDING AND CLARIFYING THE EXCLUSION**
 8 **FOR ORPHAN DRUGS UNDER THE DRUG**
 9 **PRICE NEGOTIATION PROGRAM.**

10 (a) IN GENERAL.—Section 1192(e) of the Social Secu-
 11 rity Act (42 U.S.C. 1320f–1(e)) is amended—

12 (1) in paragraph (1), in the matter preceding
 13 subparagraph (A), by striking “and (3)” and insert-
 14 ing “through (4)”;

15 (2) in paragraph (3)(A)—

16 (A) by striking “only one rare disease or
 17 condition” and inserting “one or more rare dis-
 18 eases or conditions”; and

19 (B) by striking “such disease or condition”
 20 and inserting “one or more such rare diseases or
 21 conditions (as such term is defined in section
 22 526(a)(2) of the Federal Food, Drug, and Cos-
 23 metic Act)”;

24 (3) by adding at the end the following new para-
 25 graph:

1 “(4) *TREATMENT OF FORMER ORPHAN DRUGS.*—
2 *In the case of a drug or biological product that, as*
3 *of the date of the approval or licensure of such drug*
4 *or biological product, is a drug or biological product*
5 *described in paragraph (3)(A), paragraph (1)(A)(ii)*
6 *or (1)(B)(ii) (as applicable) shall apply as if the ref-*
7 *erence to ‘the date of such approval’ or ‘the date of*
8 *such licensure’, respectively, were instead a reference*
9 *to ‘the first day after the date of such approval for*
10 *which such drug is not a drug described in paragraph*
11 *(3)(A)’ or ‘the first day after the date of such licen-*
12 *sure for which such biological product is not a bio-*
13 *logical product described in paragraph (3)(A), re-*
14 *spectively.’”.*

15 (b) *APPLICATION.*—*The amendments made by sub-*
16 *section (a) shall apply with respect to initial price applica-*
17 *bility years (as defined in section 1191(b) of the Social Se-*
18 *curity Act (42 U.S.C. 1320f(b))) beginning on or after Jan-*
19 *uary 1, 2028.*

20 **CHAPTER 3—HEALTH TAX**

21 **Subchapter A—Improving Eligibility Criteria**

22 **SEC. 71301. PERMITTING PREMIUM TAX CREDIT ONLY FOR** 23 **CERTAIN INDIVIDUALS.**

24 (a) *IN GENERAL.*—*Section 36B(e)(1) is amended by*
25 *inserting “or, in the case of aliens who are lawfully present,*

1 *are not eligible aliens” after “individuals who are not law-*
 2 *fully present”.*

3 (b) *ELIGIBLE ALIENS.—Section 36B(e)(2) is amend-*
 4 *ed—*

5 (1) *by striking “For purposes of this section, an*
 6 *individual” and inserting “For purposes of this sec-*
 7 *tion—*

8 “(A) *IN GENERAL.—An individual”, and*

9 (2) *by adding at the end the following new sub-*
 10 *paragraph:*

11 “(B) *ELIGIBLE ALIENS.—An individual*
 12 *who is an alien and lawfully present shall be*
 13 *treated as an eligible alien if such individual is,*
 14 *and is reasonably expected to be for the entire*
 15 *period of enrollment for which the credit under*
 16 *this section is being claimed—*

17 “(i) *an alien who is lawfully admitted*
 18 *for permanent residence under the Immi-*
 19 *gration and Nationality Act (8 U.S.C. 1101*
 20 *et seq.),*

21 “(ii) *an alien who has been granted the*
 22 *status of Cuban and Haitian entrant, as*
 23 *defined in section 501(e) of the Refugee*
 24 *Education Assistance Act of 1980 (Public*
 25 *Law 96–422); or*

1 “(iii) *an individual who lawfully re-*
 2 *sides in the United States in accordance*
 3 *with a Compact of Free Association referred*
 4 *to in section 402(b)(2)(G) of the Personal*
 5 *Responsibility and Work Opportunity Rec-*
 6 *onciliation Act of 1996 (8 U.S.C.*
 7 *1612(b)(2)(G)).”.*

8 (c) *CONFORMING AMENDMENTS.*—

9 (1) *VERIFICATION OF INFORMATION.*—*Section*
 10 *1411 of the Patient Protection and Affordable Care*
 11 *Act (42 U.S.C. 18081) is amended—*

12 (A) *in subsection (a)—*

13 (i) *in paragraph (1), by striking “and*
 14 *section 36B(e) of the Internal Revenue Code*
 15 *of 1986”; and*

16 (ii) *in paragraph (2)—*

17 (I) *in subparagraph (A), by strik-*
 18 *ing “and” at the end;*

19 (II) *in subparagraph (B), by add-*
 20 *ing “and” at the end; and*

21 (III) *by adding at the end the fol-*
 22 *lowing new subparagraph:*

23 “(C) *in the case such individual is an alien*
 24 *lawfully present in the United States, whether*

1 *such individual is an eligible alien (within the*
 2 *meaning of section 36B(e)(2) of such Code);”;*

3 *(B) in subsection (b)(3), by adding at the*
 4 *end the following new subparagraph:*

5 *“(D) IMMIGRATION STATUS.—In the case*
 6 *the individual’s eligibility is based on an attesta-*
 7 *tion of the enrollee’s immigration status, an at-*
 8 *testation that such individual is an eligible alien*
 9 *(within the meaning of 36B(e)(2) of the Internal*
 10 *Revenue Code of 1986).”;* and

11 *(C) in subsection (c)(2)(B)(ii), by adding at*
 12 *the end the following new subclause:*

13 *“(III) In the case of an individual*
 14 *described in clause (i)(I) with respect*
 15 *to whom a premium tax credit under*
 16 *section 36B of the Internal Revenue*
 17 *Code of 1986 is being claimed, the at-*
 18 *testation that the individual is an eli-*
 19 *gible alien (within the meaning of sec-*
 20 *tion 36B(e)(2) of such Code).”.*

21 *(2) ADVANCE DETERMINATIONS.—Section*
 22 *1412(d) of the Patient Protection and Affordable Care*
 23 *Act (42 U.S.C. 18082(d)) is amended by inserting be-*
 24 *fore the period at the end the following: “, or credits*
 25 *under section 36B of the Internal Revenue Code of*

1 1986 for aliens who are not eligible aliens (within the
2 meaning of section 36B(e)(2) of such Code)”.

3 (3) *EFFECTIVE DATE.*—The amendments made
4 by this subsection shall apply with respect to plan
5 years beginning on or after January 1, 2027.

6 (d) *REQUIREMENT TO MAINTAIN MINIMUM ESSENTIAL*
7 *COVERAGE.*—Section 5000A(d)(3) is amended by striking
8 “an alien lawfully present in the United States” and insert-
9 ing “an eligible alien (within the meaning of section
10 36B(e)(2))”.

11 (e) *EFFECTIVE DATE.*—The amendments made by this
12 section (other than the amendments made by subsection (c))
13 shall apply to taxable years beginning after December 31,
14 2026.

15 **SEC. 71302. DISALLOWING PREMIUM TAX CREDIT DURING**
16 **PERIODS OF MEDICAID INELIGIBILITY DUE**
17 **TO ALIEN STATUS.**

18 (a) *IN GENERAL.*—Section 36B(c)(1) is amended by
19 striking subparagraph (B).

20 (b) *EFFECTIVE DATE.*—The amendments made by this
21 section shall apply to taxable years beginning after Decem-
22 ber 31, 2025.

1 ***Subchapter B—Preventing Waste, Fraud, and***
 2 ***Abuse***

3 ***SEC. 71303. REQUIRING VERIFICATION OF ELIGIBILITY FOR***
 4 ***PREMIUM TAX CREDIT.***

5 (a) *IN GENERAL.*—Section 36B(c) is amended by add-
 6 ing at the end the following new paragraphs:

7 “(5) *EXCHANGE ENROLLMENT VERIFICATION RE-*
 8 *QUIREMENT.*—

9 “(A) *IN GENERAL.*—The term ‘coverage
 10 month’ shall not include, with respect to any in-
 11 dividual covered by a qualified health plan en-
 12 rolled in through an Exchange, any month be-
 13 ginning before the Exchange verifies, using ap-
 14 plicable enrollment information that shall be
 15 provided or verified by the applicant, such indi-
 16 vidual’s eligibility—

17 “(i) to enroll in the plan through the
 18 Exchange, and

19 “(ii) for any advance payment under
 20 section 1412 of the Patient Protection and
 21 Affordable Care Act of the credit allowed
 22 under this section.

23 “(B) *APPLICABLE ENROLLMENT INFORMA-*
 24 *TION.*—For purposes of subparagraph (A), appli-
 25 cable enrollment information shall include affir-

1 *mation of at least the following information (to*
 2 *the extent relevant in determining eligibility de-*
 3 *scribed in subparagraph (A)):*

4 *“(i) Household income and family size.*

5 *“(ii) Whether the individual is an eli-*
 6 *gible alien.*

7 *“(iii) Any health coverage status or eli-*
 8 *gibility for coverage.*

9 *“(iv) Place of residence.*

10 *“(v) Such other information as may be*
 11 *determined by the Secretary (in consulta-*
 12 *tion with the Secretary of Health and*
 13 *Human Services) as necessary to the*
 14 *verification prescribed under subparagraph*
 15 *(A).*

16 *“(C) VERIFICATION OF PAST MONTHS.—In*
 17 *the case of a month that begins before*
 18 *verification prescribed by subparagraph (A),*
 19 *such month shall be treated as a coverage month*
 20 *if the Exchange verifies for such month (using*
 21 *applicable enrollment information that shall be*
 22 *provided or verified by the applicant) such indi-*
 23 *vidual’s eligibility to have so enrolled and for*
 24 *any such advance payment.*

1 “(D) *EXCHANGE PARTICIPATION; COORDINA-*
 2 *TION WITH OTHER PROCEDURES FOR DETER-*
 3 *MINING ELIGIBILITY.*—*An individual shall not,*
 4 *solely by reason of failing to meet the require-*
 5 *ments of this paragraph with respect to a month,*
 6 *be treated for such month as ineligible to enroll*
 7 *in a qualified health plan through an Exchange.*

8 “(E) *WAIVER FOR CERTAIN SPECIAL EN-*
 9 *ROLLMENT PERIODS.*—*The Secretary may waive*
 10 *the application of subparagraph (A) in the case*
 11 *of an individual who enrolls in a qualified*
 12 *health plan through an Exchange for 1 or more*
 13 *months of the taxable year during a special en-*
 14 *rollment period provided by the Exchange on the*
 15 *basis of a change in the family size of the indi-*
 16 *vidual.*

17 “(F) *INFORMATION AND RELIANCE ON*
 18 *THIRD-PARTY SOURCES.*—*An Exchange shall be*
 19 *permitted to use any data available to the Ex-*
 20 *change and any reliable third-party sources in*
 21 *collecting information for verification by the ap-*
 22 *plicant.*

23 “(6) *EXCHANGE COMPLIANCE WITH FILING RE-*
 24 *QUIREMENTS.*—*The term ‘coverage month’ shall not*
 25 *include, with respect to any individual covered by a*

1 *qualified health plan enrolled in through an Ex-*
 2 *change, any month for which the Exchange does not*
 3 *meet the requirements of section 155.305(f)(4)(iii) of*
 4 *title 45, Code of Federal Regulations (as published in*
 5 *the Federal Register on June 25, 2025 (90 Fed. Reg.*
 6 *27074), applied as though it applied to all plan years*
 7 *after 2025), with respect to the individual.”.*

8 *(b) PRE-ENROLLMENT VERIFICATION PROCESS RE-*
 9 *QUIRED.—Section 36B(c)(3)(A) is amended—*

10 *(1) by striking “HEALTH PLAN.—The term” and*
 11 *inserting “HEALTH PLAN.— “*

12 *“(i) IN GENERAL.—The term”, and*

13 *(2) by adding at the end the following new*
 14 *clause:*

15 *“(ii) PRE-ENROLLMENT VERIFICATION*
 16 *PROCESS REQUIRED.—Such term shall not*
 17 *include any plan enrolled in through an*
 18 *Exchange, unless such Exchange provides a*
 19 *process for pre-enrollment verification*
 20 *through which any applicant may, begin-*
 21 *ning not later than August 1, verify with*
 22 *the Exchange the applicant’s household in-*
 23 *come and eligibility for enrollment in such*
 24 *plan for plan years beginning in the subse-*
 25 *quent year.”.*

1 (c) *EFFECTIVE DATE.*—*The amendments made by this*
 2 *section shall apply to taxable years beginning after Decem-*
 3 *ber 31, 2027.*

4 **SEC. 71304. DISALLOWING PREMIUM TAX CREDIT IN CASE**
 5 **OF CERTAIN COVERAGE ENROLLED IN DUR-**
 6 **ING SPECIAL ENROLLMENT PERIOD.**

7 (a) *IN GENERAL.*—*Section 36B(c)(3)(A), as amended*
 8 *by the preceding provisions of this Act, is amended by add-*
 9 *ing at the end the following new clause:*

10 “(iii) *EXCEPTION IN CASE OF CERTAIN*
 11 *SPECIAL ENROLLMENT PERIODS.*—*Such*
 12 *term shall not include any plan enrolled in*
 13 *during a special enrollment period provided*
 14 *for by an Exchange—*

15 “(I) *on the basis of the relation-*
 16 *ship of the individual’s expected house-*
 17 *hold income to such a percentage of the*
 18 *poverty line (or such other amount) as*
 19 *is prescribed by the Secretary of*
 20 *Health and Human Services for pur-*
 21 *poses of such period, and*

22 “(II) *not in connection with the*
 23 *occurrence of an event or change in*
 24 *circumstances specified by the Sec-*

1 *retary of Health and Human Services*
 2 *for such purposes.”.*

3 (b) *EFFECTIVE DATE.*—*The amendments made by this*
 4 *section shall apply with respect to plan years beginning*
 5 *after December 31, 2025.*

6 **SEC. 71305. ELIMINATING LIMITATION ON RECAPTURE OF**
 7 **ADVANCE PAYMENT OF PREMIUM TAX CRED-**
 8 **IT.**

9 (a) *IN GENERAL.*—*Section 36B(f)(2) is amended by*
 10 *striking subparagraph (B).*

11 (b) *CONFORMING AMENDMENTS.*—

12 (1) *Section 36B(f)(2) is amended by striking*
 13 *“ADVANCE PAYMENTS.—” and all that follows through*
 14 *“If the advance payments” and inserting the fol-*
 15 *lowing: “ADVANCE PAYMENTS.—If the advance pay-*
 16 *ments”.*

17 (2) *Section 35(g)(12)(B)(ii) is amended by strik-*
 18 *ing “then section 36B(f)(2)(B) shall be applied by*
 19 *substituting the amount determined under clause (i)*
 20 *for the amount determined under section*
 21 *36B(f)(2)(A)” and inserting “then the amount deter-*
 22 *mined under clause (i) shall be substituted for the*
 23 *amount determined under section 36B(f)(2)”.*

1 (c) *EFFECTIVE DATE.*—*The amendments made by this*
 2 *section shall apply to taxable years beginning after Decem-*
 3 *ber 31, 2025.*

4 ***Subchapter C—Enhancing Choice for Patients***

5 ***SEC. 71306. PERMANENT EXTENSION OF SAFE HARBOR FOR***
 6 ***ABSENCE OF DEDUCTIBLE FOR TELEHEALTH***
 7 ***SERVICES.***

8 (a) *IN GENERAL.*—*Subparagraph (E) of section*
 9 *223(c)(2) is amended to read as follows:*

10 “(E) *SAFE HARBOR FOR ABSENCE OF DE-*
 11 *DUCTIBLE FOR TELEHEALTH.*—*A plan shall not*
 12 *fail to be treated as a high deductible health plan*
 13 *by reason of failing to have a deductible for tele-*
 14 *health and other remote care services.”.*

15 (b) *CERTAIN COVERAGE DISREGARDED.*—*Clause (ii)*
 16 *of section 223(c)(1)(B) is amended by striking “(in the case*
 17 *of months or plan years to which paragraph (2)(E) ap-*
 18 *plies)”.*

19 (c) *EFFECTIVE DATE.*—*The amendments made by this*
 20 *section shall apply to plan years beginning after December*
 21 *31, 2024.*

1 **SEC. 71307. ALLOWANCE OF BRONZE AND CATASTROPHIC**
 2 **PLANS IN CONNECTION WITH HEALTH SAV-**
 3 **INGS ACCOUNTS.**

4 (a) *IN GENERAL.*—Section 223(c)(2) is amended by
 5 adding at the end the following new subparagraph:

6 “(H) *BRONZE AND CATASTROPHIC PLANS*
 7 *TREATED AS HIGH DEDUCTIBLE HEALTH*
 8 *PLANS.*—The term ‘high deductible health plan’
 9 shall include any plan which is—

10 “(i) *available as individual coverage*
 11 *through an Exchange established under sec-*
 12 *tion 1311 or 1321 of the Patient Protection*
 13 *and Affordable Care Act, and*

14 “(ii) *described in subsection (d)(1)(A)*
 15 *or (e) of section 1302 of such Act.*”.

16 (b) *EFFECTIVE DATE.*—The amendment made by this
 17 section shall apply to months beginning after December 31,
 18 2025.

19 **SEC. 71308. TREATMENT OF DIRECT PRIMARY CARE SERV-**
 20 **ICE ARRANGEMENTS.**

21 (a) *IN GENERAL.*—Section 223(c)(1) is amended by
 22 adding at the end the following new subparagraph:

23 “(E) *TREATMENT OF DIRECT PRIMARY*
 24 *CARE SERVICE ARRANGEMENTS.*—

25 “(i) *IN GENERAL.*—A direct primary
 26 care service arrangement shall not be treat-

1 *ed as a health plan for purposes of subpara-*
 2 *graph (A)(ii).*

3 “(ii) *DIRECT PRIMARY CARE SERVICE*
 4 *ARRANGEMENT.—For purposes of this sub-*
 5 *paragraph—*

6 “(I) *IN GENERAL.—The term ‘di-*
 7 *rect primary care service arrangement’*
 8 *means, with respect to any individual,*
 9 *an arrangement under which such in-*
 10 *dividual is provided medical care (as*
 11 *defined in section 213(d)) consisting*
 12 *solely of primary care services pro-*
 13 *vided by primary care practitioners*
 14 *(as defined in section 1833(x)(2)(A) of*
 15 *the Social Security Act, determined*
 16 *without regard to clause (ii) thereof), if*
 17 *the sole compensation for such care is*
 18 *a fixed periodic fee.*

19 “(II) *LIMITATION.—With respect*
 20 *to any individual for any month, such*
 21 *term shall not include any arrange-*
 22 *ment if the aggregate fees for all direct*
 23 *primary care service arrangements (de-*
 24 *termined without regard to this sub-*
 25 *clause) with respect to such individual*

1 *for such month exceed \$150 (twice such*
 2 *dollar amount in the case of an indi-*
 3 *vidual with any direct primary care*
 4 *service arrangement (as so determined)*
 5 *that covers more than one individual).*

6 “(iii) CERTAIN SERVICES SPECIFI-

7 CALLY EXCLUDED FROM TREATMENT AS

8 PRIMARY CARE SERVICES.—For purposes of

9 this subparagraph, the term ‘primary care

10 services’ shall not include—

11 “(I) procedures that require the

12 use of general anesthesia,

13 “(II) prescription drugs (other

14 than vaccines), and

15 “(III) laboratory services not

16 typically administered in an ambula-

17 tory primary care setting.

18 The Secretary, after consultation with the

19 Secretary of Health and Human Services,

20 shall issue regulations or other guidance re-

21 garding the application of this clause.”.

22 (b) DIRECT PRIMARY CARE SERVICE ARRANGEMENT

23 FEES TREATED AS MEDICAL EXPENSES.—Section

24 223(d)(2)(C) is amended by striking “or” at the end of

25 clause (iii), by striking the period at the end of clause (iv)

1 *and inserting “, or”, and by adding at the end the following*
 2 *new clause:*

3 *“(v) any direct primary care service*
 4 *arrangement.”.*

5 *(c) INFLATION ADJUSTMENT.—Section 223(g)(1) is*
 6 *amended—*

7 *(1) by striking “in subsections (b)(2) and*
 8 *(c)(2)(A)” and inserting “in subsections (b)(2),*
 9 *(c)(2)(A), and in the case of taxable years beginning*
 10 *after 2026, (c)(1)(E)(ii)(II)”,*

11 *(2) in subparagraph (B), by striking “clause*
 12 *(ii)” in clause (i) and inserting “clauses (ii) and*
 13 *(iii)”, by striking “and” at the end of clause (i), by*
 14 *striking the period at the end of clause (ii) and in-*
 15 *serting “, and”, and by inserting after clause (ii) the*
 16 *following new clause:*

17 *“(iii) in the case of the dollar amount*
 18 *in subsection (c)(1)(E)(ii)(II), ‘calendar*
 19 *year 2025’.”, and*

20 *(3) by inserting “, (c)(1)(E)(ii)(II),” after*
 21 *“(b)(2)” in the last sentence.*

22 *(d) EFFECTIVE DATE.—The amendments made by this*
 23 *section shall apply to months beginning after December 31,*
 24 *2025.*

**CHAPTER 4—PROTECTING RURAL
HOSPITALS AND PROVIDERS**

SEC. 71401. RURAL HEALTH TRANSFORMATION PROGRAM.

(a) IN GENERAL.—Section 2105 of the Social Security Act (42 U.S.C. 1397ee) is amended by adding at the end the following new subsection:

“(h) RURAL HEALTH TRANSFORMATION PROGRAM.—

“(1) APPROPRIATION.—

“(A) IN GENERAL.—There are appropriated, out of any money in the Treasury not otherwise appropriated, to the Administrator of the Centers for Medicare & Medicaid Services (in this subsection referred to as the ‘Administrator’), to provide allotments to States for purposes of carrying out the activities described in paragraph (6)—

*“(i) \$10,000,000,000 for fiscal year
2026;*

*“(ii) \$10,000,000,000 for fiscal year
2027;*

*“(iii) \$10,000,000,000 for fiscal year
2028;*

*“(iv) \$10,000,000,000 for fiscal year
2029; and*

1 “(v) \$10,000,000,000 for fiscal year
2 2030.

3 “(B) UNEXPENDED OR UNOBLIGATED
4 FUNDS.—

5 “(i) IN GENERAL.—Any amounts ap-
6 propriated under subparagraph (A) that are
7 unexpended or unobligated as of October 1,
8 2032, shall be returned to the Treasury of
9 the United States.

10 “(ii) REDISTRIBUTION OF UNEX-
11 PENDED OR UNOBLIGATED FUNDS.—In car-
12 rying out subparagraph (A), the Adminis-
13 trator shall, not later than March 31, 2028,
14 and annually thereafter through March 31,
15 2032, determine the amount of funds, if
16 any, that are available under such subpara-
17 graph for a previous fiscal year, are unex-
18 pended or unobligated with respect to such
19 fiscal year, and will not be available to a
20 State in the current fiscal year, pursuant to
21 clause (iii).

22 “(iii) AVAILABILITY OF FUNDS.—

23 “(I) IN GENERAL.—Amounts al-
24 lotted to a State under this subsection
25 for a year shall be available for ex-

1 *penditure by the State through the end*
2 *of the fiscal year following the fiscal*
3 *year in which such amounts are allot-*
4 *ted.*

5 “(II) *AVAILABILITY OF AMOUNTS*
6 *REDISTRIBUTED.*—*Amounts redistrib-*
7 *uted to a State under clause (ii) with*
8 *respect to a fiscal year shall be avail-*
9 *able for expenditure by the State*
10 *through the end of the fiscal year fol-*
11 *lowing the fiscal year in which such*
12 *amounts are redistributed (except in*
13 *the case of amounts redistributed in*
14 *fiscal year 2032 which shall only be*
15 *available for expenditure through Sep-*
16 *tember 30, 2032).*

17 “(iv) *MISUSE OF FUNDS.*—*If the Ad-*
18 *ministrator determines that a State is not*
19 *using amounts allotted or redistributed to*
20 *the State under this subsection in a manner*
21 *consistent with the description provided by*
22 *the State in its application approved under*
23 *paragraph (2), the Administrator may*
24 *withhold payments to, or reduce payments*
25 *to, or recover previous payments from, the*

1 *State under this subsection as the Adminis-*
 2 *trator deems appropriate, and any amounts*
 3 *so withheld, or that remain after any such*
 4 *reduction, or so recovered, shall be returned*
 5 *to the Treasury of the United States.*

6 “(2) *APPLICATION.*—

7 “(A) *IN GENERAL.*—*To be eligible for an al-*
 8 *lotment under this subsection, a State shall sub-*
 9 *mit to the Administrator during an application*
 10 *submission period to be specified by the Admin-*
 11 *istrator (but that ends not later than December*
 12 *31, 2025) an application in such form and man-*
 13 *ner as the Administrator may specify, that in-*
 14 *cludes—*

15 “(i) *a detailed rural health trans-*
 16 *formation plan—*

17 “(I) *to improve access to hos-*
 18 *pitals, other health care providers, and*
 19 *health care items and services fur-*
 20 *nished to rural residents of the State;*

21 “(II) *to improve health care out-*
 22 *comes of rural residents of the State;*

23 “(III) *to prioritize the use of new*
 24 *and emerging technologies that empha-*

1 *size prevention and chronic disease*
2 *management;*

3 “(IV) to initiate, foster, and
4 *strengthen local and regional strategic*
5 *partnerships between rural hospitals*
6 *and other health care providers in*
7 *order to promote measurable quality*
8 *improvement, increase financial sta-*
9 *bility, maximize economies of scale,*
10 *and share best practices in care deliv-*
11 *ery;*

12 “(V) to enhance economic oppor-
13 *tunity for, and the supply of, health*
14 *care clinicians through enhanced re-*
15 *ruitment and training;*

16 “(VI) to prioritize data and tech-
17 *nology driven solutions that help rural*
18 *hospitals and other rural health care*
19 *providers furnish high-quality health*
20 *care services as close to a patient’s*
21 *home as is possible;*

22 “(VII) that outlines strategies to
23 *manage long-term financial solvency*
24 *and operating models of rural hos-*
25 *pitals in the State; and*

1 “(VIII) that identifies specific
2 causes driving the accelerating rate of
3 stand-alone rural hospitals becoming
4 at risk of closure, conversion, or service
5 reduction;

6 “(ii) a certification that none of the
7 amounts provided under this subsection
8 shall be used by the State for an expendi-
9 ture that is attributable to an intergovern-
10 mental transfer, certified public expendi-
11 ture, or any other expenditure to finance
12 the non-Federal share of expenditures re-
13 quired under any provision of law, includ-
14 ing under the State plan established under
15 this title, the State plan established under
16 title XIX, or under a waiver of such plans;
17 and

18 “(iii) such other information as the
19 Administrator may require.

20 “(B) DEADLINE FOR APPROVAL.—Not later
21 than December 31, 2025, the Administrator shall
22 approve or deny all applications submitted for
23 an allotment under this subsection.

24 “(C) ONE-TIME APPLICATION.—If an appli-
25 cation of a State for an allotment under this

subsection is approved by the Administrator, the State shall be eligible for an allotment under this subsection for each of fiscal years 2026 through 2030, except as provided in paragraph (1)(B)(iv).

“(D) *ELIGIBILITY.*—Only the 50 States shall be eligible for an allotment under this subsection and all references in this subsection to a State shall be treated as only referring to the 50 States.

“(3) *ALLOTMENTS.*—

“(A) *IN GENERAL.*—For each of fiscal years 2026 through 2030, the Administrator shall determine under subparagraph (B) the amount of the allotment for such fiscal year for each State with an approved application under this subsection.

“(B) *AMOUNT DETERMINED.*—Subject to subparagraph (C), from the amounts appropriated under paragraph (1)(A) for each of fiscal years 2026 through 2030, the Administrator shall allot—

“(i) 50 percent of the amounts appropriated for each such fiscal year equally

1 *among all States with an approved applica-*
 2 *tion under this subsection; and*

3 “(ii) 50 percent of the amounts appro-
 4 priated for each such fiscal year among all
 5 such States in an amount to be determined
 6 by the Administrator in accordance with
 7 subparagraph (C).

8 “(C) *REQUIREMENTS.*—*In determining the*
 9 *amount to be allotted to a State under clause (ii)*
 10 *of subparagraph (B) for a fiscal year, the Ad-*
 11 *ministrator shall—*

12 “(i) ensure that not less than $\frac{1}{4}$ of the
 13 States with an approved application under
 14 this subsection for a fiscal year are allotted
 15 funds from amounts that are to be allotted
 16 under clause (ii) of such subparagraph; and

17 “(ii) consider—

18 “(I) the percentage of the State
 19 population that is located in a rural
 20 census tract of a metropolitan statis-
 21 tical area (as determined under the
 22 most recent modification of the Gold-
 23 smith Modification, originally pub-
 24 lished in the Federal Register on Feb-
 25 ruary 27, 1992 (57 Fed. Reg. 6725));

1 “(II) the proportion of rural
2 health facilities (as defined in subpara-
3 graph (D)) in the State relative to the
4 number of rural health facilities na-
5 tionwide;

6 “(III) the situation of hospitals in
7 the State, as described in section
8 1902(a)(13)(A)(iv); and

9 “(IV) any other factors that the
10 Administrator determines appropriate.

11 “(D) *RURAL HEALTH FACILITY DEFINED.*—
12 For the purposes of subparagraph (C)(ii), the
13 term ‘rural health facility’ means the following:

14 “(i) A subsection (d) hospital (as de-
15 fined in paragraph (1)(B) of section
16 1886(d)) that—

17 “(I) is located in a rural area (as
18 defined in paragraph (2)(D) of such
19 section);

20 “(II) is treated as being located in
21 a rural area pursuant to paragraph
22 (8)(E) of such section; or

23 “(III) is located in a rural census
24 tract of a metropolitan statistical area
25 (as determined under the most recent

1 *modification of the Goldsmith Modi-*
 2 *fication, originally published in the*
 3 *Federal Register on February 27, 1992*
 4 *(57 Fed. Reg. 6725)).*

5 “(ii) *A critical access hospital (as de-*
 6 *defined in section 1861(mm)(1)).*

7 “(iii) *A sole community hospital (as*
 8 *defined in section 1886(d)(5)(D)(iii)).*

9 “(iv) *A Medicare-dependent, small*
 10 *rural hospital (as defined in section*
 11 *1886(d)(5)(G)(iv)).*

12 “(v) *A low-volume hospital (as defined*
 13 *in section 1886(d)(12)(C)).*

14 “(vi) *A rural emergency hospital (as*
 15 *defined in section 1861(kkk)(2)).*

16 “(vii) *A rural health clinic (as defined*
 17 *in section 1861(aa)(2)).*

18 “(viii) *A Federally qualified health*
 19 *center (as defined in section 1861(aa)(4)).*

20 “(ix) *A community mental health cen-*
 21 *ter (as defined in section 1861(ff)(3)(B)).*

22 “(x) *A health center that is receiving a*
 23 *grant under section 330 of the Public*
 24 *Health Service Act.*

1 “(xi) An opioid treatment program (as
 2 defined in section 1861(jj)(2)) that is lo-
 3 cated in a rural census tract of a metropoli-
 4 tan statistical area (as determined under
 5 the most recent modification of the Gold-
 6 smith Modification, originally published in
 7 the Federal Register on February 27, 1992
 8 (57 Fed. Reg. 6725)).

9 “(xii) A certified community behav-
 10 ioral health clinic (as defined in section
 11 1905(jj)(2)) that is located in a rural census
 12 tract of a metropolitan statistical area (as
 13 determined under the most recent modifica-
 14 tion of the Goldsmith Modification, origi-
 15 nally published in the Federal Register on
 16 February 27, 1992 (57 Fed. Reg. 6725)).

17 “(4) NO MATCHING PAYMENT.—A State approved
 18 for an allotment under this subsection for a fiscal
 19 year shall not be required to provide any matching
 20 funds as a condition for receiving payments from the
 21 allotment.

22 “(5) TERMS AND CONDITIONS.—The Adminis-
 23 trator shall specify such terms and conditions for al-
 24 lotments to States provided under this subsection as

1 *the Administrator deems appropriate, including the*
 2 *following:*

3 “(A) *Each State shall submit to the Admin-*
 4 *istrator (at a time, and in a form and manner,*
 5 *specified by the Administrator)—*

6 “(i) *a plan for the State to use its al-*
 7 *lotment to carry out 3 or more of the activi-*
 8 *ties described in paragraph (6); and*

9 “(ii) *annual reports on the use of allot-*
 10 *ments, including such additional informa-*
 11 *tion as the Administrator determines ap-*
 12 *propriate.*

13 “(B) *Not more than 10 percent of the*
 14 *amount allotted to a State for a fiscal year may*
 15 *be used by the State for administrative expenses.*

16 “(6) *USE OF FUNDS.—Amounts allotted to a*
 17 *State under this subsection shall be used for 3 or more*
 18 *of the following health-related activities:*

19 “(A) *Promoting evidence-based, measurable*
 20 *interventions to improve prevention and chronic*
 21 *disease management.*

22 “(B) *Providing payments to health care*
 23 *providers for the provision of health care items*
 24 *or services, as specified by the Administrator.*

1 “(C) *Promoting consumer-facing, tech-*
 2 *nology-driven solutions for the prevention and*
 3 *management of chronic diseases.*

4 “(D) *Providing training and technical as-*
 5 *sistance for the development and adoption of*
 6 *technology-enabled solutions that improve care*
 7 *delivery in rural hospitals, including remote*
 8 *monitoring, robotics, artificial intelligence, and*
 9 *other advanced technologies.*

10 “(E) *Recruiting and retaining clinical*
 11 *workforce talent to rural areas, with commit-*
 12 *ments to serve rural communities for a min-*
 13 *imum of 5 years.*

14 “(F) *Providing technical assistance, soft-*
 15 *ware, and hardware for significant information*
 16 *technology advances designed to improve effi-*
 17 *ciency, enhance cybersecurity capability develop-*
 18 *ment, and improve patient health outcomes.*

19 “(G) *Assisting rural communities to right*
 20 *size their health care delivery systems by identi-*
 21 *fying needed preventative, ambulatory, pre-hos-*
 22 *pital, emergency, acute inpatient care, out-*
 23 *patient care, and post-acute care service lines.*

24 “(H) *Supporting access to opioid use dis-*
 25 *order treatment services (as defined in section*

1 1861(jjj)(1)), other substance use disorder treat-
 2 ment services, and mental health services.

3 “(I) *Developing projects that support inno-*
 4 *vative models of care that include value-based*
 5 *care arrangements and alternative payment*
 6 *models, as appropriate.*

7 “(J) *Additional uses designed to promote*
 8 *sustainable access to high quality rural health*
 9 *care services, as determined by the Adminis-*
 10 *trator.*

11 “(7) *EXEMPTIONS.—Paragraphs (2), (3), (5),*
 12 *(6), (8), (10), (11), and (12) of subsection (c) do not*
 13 *apply to payments under this subsection.*

14 “(8) *REVIEW.—There shall be no administrative*
 15 *or judicial review under section 1116 or otherwise of*
 16 *amounts allotted or redistributed to States under this*
 17 *subsection, payments to States withheld or reduced*
 18 *under this subsection, or previous payments recovered*
 19 *from States under this subsection.*

20 “(9) *HEALTH CARE PROVIDER DEFINED.—For*
 21 *purposes of this subsection, the term ‘health care pro-*
 22 *vider’ means a provider of services or supplier who is*
 23 *enrolled under this title, title XVIII, or title XIX.”.*

24 “(b) *CONFORMING AMENDMENTS.—Title XXI of the So-*
 25 *cial Security Act (42 U.S.C. 1397aa) is amended—*

1 (1) *in section 2101—*

2 (A) *in subsection (a), in the matter pre-*
 3 *ceding paragraph (1), by striking “The purpose”*
 4 *and inserting “Except with respect to the rural*
 5 *health transformation program established in*
 6 *section 2105(h), the purpose”;* and

7 (B) *in subsection (b), in the matter pre-*
 8 *ceding paragraph (1), by inserting “subsection*
 9 *(a) or (g) of” before “section 2105”;*

10 (2) *in section 2105(c)(1), by striking “and may*
 11 *not include” and inserting “or to carry out the rural*
 12 *health transformation program established in sub-*
 13 *section (h) and, except in the case of amounts made*
 14 *available under subsection (h), may not include”;* and

15 (3) *in section 2106(a)(1), by inserting “sub-*
 16 *section (a) or (g) of” before “section 2105”.*

17 (c) *IMPLEMENTATION.—The Administrator of the Cen-*
 18 *ters for Medicare & Medicaid Services shall implement this*
 19 *section, including the amendments made by this section, by*
 20 *program instruction or other forms of program guidance.*

21 (d) *IMPLEMENTATION FUNDING.—For the purposes of*
 22 *carrying out the provisions of, and the amendments made*
 23 *by, this section, there are appropriated, out of any monies*
 24 *in the Treasury not otherwise appropriated, to the Admin-*
 25 *istrator of the Centers for Medicare & Medicaid Services,*

1 \$200,000,000 for fiscal year 2025, to remain available until
 2 expended.

3 ***Subtitle C—Increase in Debt Limit***

4 ***SEC. 72001. MODIFICATION OF LIMITATION ON THE PUBLIC*** 5 ***DEBT.***

6 *The limitation under section 3101(b) of title 31,*
 7 *United States Code, as most recently increased by section*
 8 *401(b) of Public Law 118–5 (31 U.S.C. 3101 note), is in-*
 9 *creased by \$5,000,000,000,000.*

10 ***Subtitle D—Unemployment***

11 ***SEC. 73001. ENDING UNEMPLOYMENT PAYMENTS TO JOB-*** 12 ***LESS MILLIONAIRES.***

13 *(a) PROHIBITION ON USE OF FEDERAL FUNDS.—*

14 *(1) IN GENERAL.—No Federal funds may be*
 15 *used—*

16 *(A) to make payments of unemployment*
 17 *compensation benefits under an unemployment*
 18 *compensation program of the United States in a*
 19 *year to an individual whose wages during the*
 20 *individual’s base period are equal to or exceed*
 21 *\$1,000,000; or*

22 *(B) for any administrative costs associated*
 23 *with making payments described in subpara-*
 24 *graph (A).*

25 *(2) COMPLIANCE.—*

1 (A) *SELF-CERTIFICATION.*—Any applica-
2 tion for unemployment compensation under an
3 unemployment compensation program of the
4 United States shall include a form or procedure
5 for an individual applicant to certify that such
6 individual's wages during the individual's base
7 period do not equal or exceed \$1,000,000.

8 (B) *VERIFICATION.*—Each State agency
9 that is responsible for administering any unem-
10 ployment compensation program of the United
11 States shall utilize available systems to verify
12 wage eligibility by assessing claimant income to
13 the degree possible.

14 (3) *RECOVERY OF OVERPAYMENTS.*—Each State
15 agency that is responsible for administering any un-
16 employment compensation program of the United
17 States shall require individuals who have received
18 amounts of unemployment compensation under such
19 a program to which they were not entitled to repay
20 such amounts.

21 (4) *EFFECTIVE DATE.*—The prohibition under
22 paragraph (1) shall apply to weeks of unemployment
23 beginning on or after the date of the enactment of this
24 Act.

1 (b) *UNEMPLOYMENT COMPENSATION PROGRAM OF THE*
2 *UNITED STATES DEFINED.*—*In this section, the term “un-*
3 *employment compensation program of the United States”*
4 *means—*

5 (1) *unemployment compensation for Federal ci-*
6 *vilian employees under subchapter I of chapter 85 of*
7 *title 5, United States Code;*

8 (2) *unemployment compensation for ex-*
9 *servicemembers under subchapter II of chapter 85 of*
10 *title 5, United States Code;*

11 (3) *extended benefits under the Federal-State Ex-*
12 *tended Unemployment Compensation Act of 1970 (26*
13 *U.S.C. 3304 note);*

14 (4) *any Federal temporary extension of unem-*
15 *ployment compensation;*

16 (5) *any Federal program that increases the week-*
17 *ly amount of unemployment compensation payable to*
18 *individuals; and*

19 (6) *any other Federal program providing for the*
20 *payment of unemployment compensation, as deter-*
21 *mined by the Secretary of Labor.*

1 **TITLE VIII—COMMITTEE ON**
 2 **HEALTH, EDUCATION, LABOR,**
 3 **AND PENSIONS**
 4 **Subtitle A—Exemption of Certain**
 5 **Assets**

6 **SEC. 80001. EXEMPTION OF CERTAIN ASSETS.**

7 (a) *EXEMPTION OF CERTAIN ASSETS.*—Section
 8 480(f)(2) of the Higher Education Act of 1965 (20 U.S.C.
 9 1087vv(f)(2)) is amended—

10 (1) by striking “net value of the” and inserting
 11 the following: “net value of—

12 “(A) the”;

13 (2) by striking the period at the end and insert-
 14 ing a semicolon; and

15 (3) by adding at the end the following:

16 “(B) a family farm on which the family re-
 17 sides;

18 “(C) a small business with not more than
 19 100 full-time or full-time equivalent employees
 20 (or any part of such a small business) that is
 21 owned and controlled by the family; or

22 “(D) a commercial fishing business and re-
 23 lated expenses, including fishing vessels and per-
 24 mits owned and controlled by the family.”.

1 (b) *EFFECTIVE DATE AND APPLICATION.*—*The amend-*
 2 *ments made by subsection (a) shall take effect on July 1,*
 3 *2026, and shall apply with respect to award year 2026–*
 4 *2027 and each subsequent award year, as determined under*
 5 *the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).*

6 ***Subtitle B—Loan Limits***

7 ***SEC. 81001. ESTABLISHMENT OF LOAN LIMITS FOR GRAD-***
 8 ***UATE AND PROFESSIONAL STUDENTS AND***
 9 ***PARENT BORROWERS; TERMINATION OF***
 10 ***GRADUATE AND PROFESSIONAL PLUS LOANS.***

11 *Section 455(a) of the Higher Education Act of 1965*
 12 *(20 U.S.C. 1087e(a)) is amended—*

13 (1) *in paragraph (3)—*

14 (A) *in the paragraph heading, by inserting*
 15 *“AND FEDERAL DIRECT PLUS LOANS” after*
 16 *“LOANS”;*

17 (B) *by striking subparagraph (A) and in-*
 18 *serting the following:*

19 “(A) *TERMINATION OF AUTHORITY TO MAKE*
 20 *INTEREST SUBSIDIZED LOANS TO GRADUATE AND*
 21 *PROFESSIONAL STUDENTS.—Subject to subpara-*
 22 *graph (B), and notwithstanding any provision of*
 23 *this part or part B—*

24 “(i) *for any period of instruction be-*
 25 *ginning on or after July 1, 2012, a grad-*

1 uate or professional student shall not be eli-
 2 gible to receive a Federal Direct Stafford
 3 loan under this part; and

4 “(ii) for any period of instruction be-

5 ginning on July 1, 2012, and ending on

6 June 30, 2026, the maximum annual

7 amount of Federal Direct Unsubsidized

8 Stafford loans such a student may borrow

9 in any academic year (as defined in section

10 481(a)(2)) or its equivalent shall be the

11 maximum annual amount for such student

12 determined under section 428H, plus an

13 amount equal to the amount of Federal Di-

14 rect Stafford loans the student would have

15 received in the absence of this subpara-

16 graph.”; and

17 (C) by adding at the end the following:

18 “(C) *TERMINATION OF AUTHORITY TO MAKE*

19 *FEDERAL DIRECT PLUS LOANS TO GRADUATE*

20 *AND PROFESSIONAL STUDENTS.—Subject to*

21 *paragraph (8) and notwithstanding any provi-*

22 *sion of this part or part B, for any period of in-*

23 *struction beginning on or after July 1, 2026, a*

24 *graduate or professional student shall not be eli-*

gible to receive a Federal Direct PLUS Loan under this part.”; and

(2) by adding at the end the following:

“(4) GRADUATE AND PROFESSIONAL ANNUAL AND AGGREGATE LIMITS FOR FEDERAL DIRECT UNSUBSIDIZED STAFFORD LOANS BEGINNING JULY 1, 2026.—

“(A) ANNUAL LIMITS BEGINNING JULY 1, 2026.—Subject to paragraphs (7)(A) and (8), beginning on July 1, 2026, the maximum annual amount of Federal Direct Unsubsidized Stafford loans—

“(i) a graduate student, who is not a professional student, may borrow in any academic year or its equivalent shall be \$20,500; and

“(ii) a professional student may borrow in any academic year or its equivalent shall be \$50,000.

“(B) AGGREGATE LIMITS.—Subject to paragraphs (6), (7)(A), and (8), beginning on July 1, 2026, the maximum aggregate amount of Federal Direct Unsubsidized Stafford loans, in addition to the amount borrowed for undergraduate education, that—

1 “(i) a graduate student—

2 “(I) who is not (and has not been)
3 a professional student, may borrow for
4 programs of study described in sub-
5 paragraph (C)(i) shall be \$100,000; or

6 “(II) who is (or has been) a pro-
7 fessional student, may borrow for pro-
8 grams of study described in subpara-
9 graph (C)(i) shall be an amount equal
10 to—

11 “(aa) \$200,000; minus

12 “(bb) the amount such stu-
13 dent borrowed for programs of
14 study described in subparagraph
15 (C)(ii); and

16 “(ii) a professional student—

17 “(I) who is not (and has not been)
18 a graduate student, may borrow for
19 programs of study described in sub-
20 paragraph (C)(ii) shall be \$200,000; or

21 “(II) who is (or has been) a grad-
22 uate student, may borrow for programs
23 of study described in subparagraph
24 (C)(ii) shall be an amount equal to—

25 “(aa) \$200,000; minus

1 “(bb) *the amount such stu-*
 2 *dent borrowed for programs of*
 3 *study described in subparagraph*
 4 *(C)(i).*

5 “(C) *DEFINITIONS.—*

6 “(i) *GRADUATE STUDENT.—The term*
 7 *‘graduate student’ means a student enrolled*
 8 *in a program of study that awards a grad-*
 9 *uate credential (other than a professional*
 10 *degree) upon completion of the program.*

11 “(ii) *PROFESSIONAL STUDENT.—In*
 12 *this paragraph, the term ‘professional stu-*
 13 *dent’ means a student enrolled in a pro-*
 14 *gram of study that awards a professional*
 15 *degree, as defined under section 668.2 of*
 16 *title 34, Code of Federal Regulations (as in*
 17 *effect on the date of enactment of this para-*
 18 *graph), upon completion of the program.*

19 “(5) *PARENT BORROWER ANNUAL AND AGGRE-*
 20 *GATE LIMITS FOR FEDERAL DIRECT PLUS LOANS BE-*
 21 *GINNING JULY 1, 2026.—*

22 “(A) *ANNUAL LIMITS.—Subject to para-*
 23 *graph (8) and notwithstanding any provision of*
 24 *this part or part B, beginning on July 1, 2026,*
 25 *for each dependent student, the total maximum*

1 *annual amount of Federal Direct PLUS loans*
2 *that may be borrowed on behalf of that depend-*
3 *ent student by all parents of that dependent stu-*
4 *dent shall be \$20,000.*

5 “(B) *AGGREGATE LIMITS.*—Subject to para-
6 *graph (8) and notwithstanding any provision of*
7 *this part or part B, beginning on July 1, 2026,*
8 *for each dependent student, the total maximum*
9 *aggregate amount of Federal Direct PLUS loans*
10 *that may be borrowed on behalf of that depend-*
11 *ent student by all parents of that dependent stu-*
12 *dent shall be \$65,000, without regard to any*
13 *amounts repaid, forgiven, canceled, or otherwise*
14 *discharged on any such loan.*

15 “(6) *LIFETIME MAXIMUM AGGREGATE AMOUNT*
16 *FOR ALL STUDENTS.*—Subject to paragraph (8) and
17 *notwithstanding any provision of this part or part B,*
18 *beginning on July 1, 2026, the maximum aggregate*
19 *amount of loans made, insured, or guaranteed under*
20 *this title that a student may borrow (other than a*
21 *Federal Direct PLUS loan, or loan under section*
22 *428B, made to the student as a parent borrower on*
23 *behalf of a dependent student) shall be \$257,500,*
24 *without regard to any amounts repaid, forgiven, can-*
25 *canceled, or otherwise discharged on any such loan.*

1 “(7) *ADDITIONAL RULES REGARDING ANNUAL*
2 *LOAN LIMITS.*—

3 “(A) *LESS THAN FULL-TIME ENROLL-*
4 *MENT.*—*Notwithstanding any provision of this*
5 *part or part B, in any case in which a student*
6 *is enrolled in a program of study of an institu-*
7 *tion of higher education on less than a full-time*
8 *basis during any academic year, the amount of*
9 *a loan that student may borrow for an academic*
10 *year or its equivalent shall be reduced in direct*
11 *proportion to the degree to which that student is*
12 *not so enrolled on a full-time basis, rounded to*
13 *the nearest whole percentage point, as provided*
14 *in a schedule of reductions published by the Sec-*
15 *retary computed for purposes of this subpara-*
16 *graph.*

17 “(B) *INSTITUTIONALLY DETERMINED LIM-*
18 *ITS.*—*Notwithstanding the annual loan limits*
19 *established under this section and, for under-*
20 *graduate students, under this part and part B,*
21 *beginning on July 1, 2026, an institution of*
22 *higher education (at the discretion of a financial*
23 *aid administrator at the institution) may limit*
24 *the total amount of loans made under this part*
25 *for a program of study for an academic year*