Federal Update

Continuing Resolution
Reconciliation
Executive Orders

March 6, 2025

California GOP Delegation

California Hospital Association

Rep. Doug LaMalfa (CA-1)

Rep. Kevin Kiley (CA-3)

Rep. Tom McClintock (CA-5)

Rep. Vince Fong (CA-20)

Rep. David Valadao (CA-22)

Rep. Jay Obernolte (CA-23)

Rep. Young Kim (CA-40)

Rep. Ken Calvert (CA-41)

Rep. Darrell Issa (CA-48)

2 Major Legislative Tasks

California Hospital Association

Federal Fiscal Year (FFY) 2025 funding runs out March 14, 2025

- CHA priorities – extensions of the expiring health provisions

FFY 2026* Budget Resolution leading to Reconciliation

- House and Senate must agree to a budget
- Not aligned just yet

Foundation for using Reconciliation

- What is it? Expedited, simple majority legislative vehicle to bypass the filibuster in the Senate
- Used when a single party controls all three branches of government
- Initial priorities – tax cuts, border funding, energy
- Needs pay-fors (offsets for increases in spending) – health care cuts

*FFY 2026 begins Oct. 1, 2025

2024 Health Care Package

California Hospital Association

Included

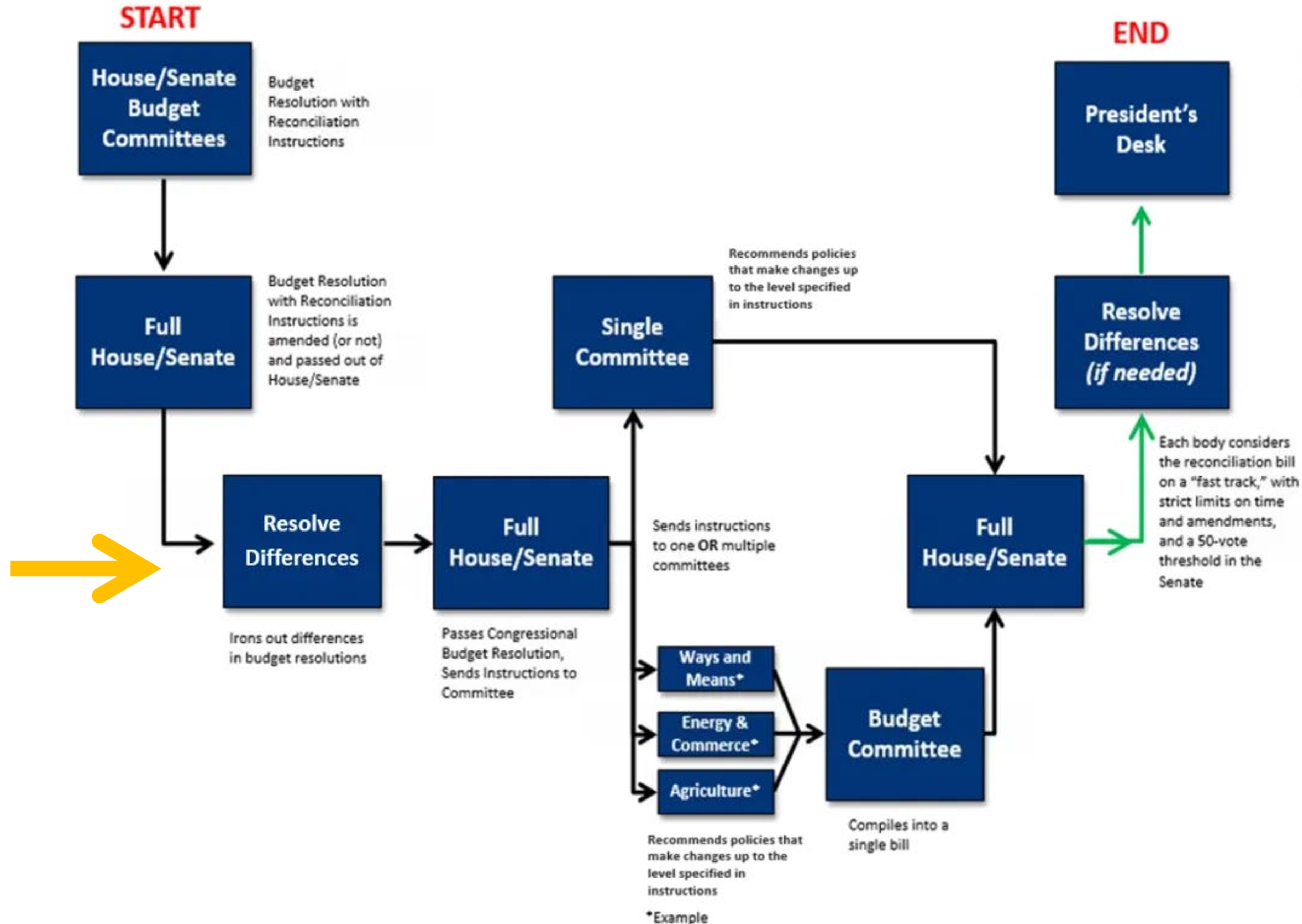
- Medicaid DSH cut relief (April 1)
- MDH & LVA programs (April 1)
- Telehealth waivers, hospital at home program (March 31)
- Rural ambulance add-on (March 31)
- PAYGO sequester
- $29 billion - FEMA disaster relief fund

Not Included

- Site-neutral Medicare cuts
- Price transparency provisions
- Physician payment fix
- APM incentives
- PAHPA extension
- SUPPORT Act reauthorization
- Lorna Breen Act reauthorization
- PBM reforms

Reconciliation Chart

California Hospital Association



Sept. 30, 2025 deadline

Reconciliation Options

California Hospital Association

Senate Budget Resolution – two bill strategy

- Assigned to House Energy & Commerce Committee (Medicaid jurisdiction)
  - $1 billion in savings
- Assigned to Senate Finance Committee (Medicare jurisdiction)
  - $1 billion in savings

House Budget Resolution – "Big Beautiful Bill"

- $880 billion in savings assigned to House Energy & Commerce Committee

WAYS AND MEANS COMMITTEE

Health

Limit Federal Health Program Eligibility Based on Citizenship Status
Up to $35 billion 10-year savings
VIABILITY: HIGH / MEDIUM / LOW

- Currently, many non-citizens who entered the country illegally are eligible for federal health care programs including advance premium tax credits and Medicaid. This policy would remove specified categories of non-citizens from eligibility for federal health care programs.

Eliminate Medicare Coverage of Bad Debt
Up to $42 billion 10-year savings
VIABILITY: HIGH / MEDIUM / LOW

- Medicare currently reimburses hospitals at 65 percent of bad debt (uncollected cost-sharing that beneficiaries fail to pay), while private payers do not typically reimburse providers for bad debt. This policy brings Medicare more in line with the private sector by gradually reducing the amount that Medicare reimburses providers for bad debt.

Medicare Site Neutrality
Up to $146 billion in 10-year savings
VIABILITY: HIGH / MEDIUM / LOW

- Currently, Medicare and beneficiaries pay more for the *SAME* health care service furnished in hospital outpatient departments (HOPDs) than in physician offices. The budget supports Medicare site neutral payments by equalizing Medicare payments for health care services that can be safely delivered in a physician's office.

Improve Uncompensated Care
Up to $229 billion in 10-year savings
VIABILITY: HIGH / MEDIUM / LOW

- Medicare currently provides additional financial support to hospitals that serve a disproportionate share of low-income patients related to uncompensated care. These payments are limited to hospitals, which fails to acknowledge the amount of uncompensated care delivered in non-hospital settings. This policy reforms

Potential Medicaid Changes

California Hospital Association

Policy	Estimated Savings
Block Grants	?
Per-Capita-Caps	**$459 - $918 billion / 10 years**
FMAP • Reduce 90% match for expansion • Lower FMAP floor below 50%	**$561 - $690 billion / 10 years** **$387 - $530 billion / 10 years**
Reduce 5% FMAP bonus	**$18 billion / 10 years**
Work Requirements	**$109 - $120 billion / 10 years**
Roll back nursing home staffing rule	**$22 billion / 10 years**
Roll back enrollment & eligibility rule	**$164 billion / 10 years**
Restrict use of provider taxes • Reduce to 5% • Reduce to 3% • Reduce to 2.5%	**$48 billion /10 years** **$175 billion / 10 years** **$241 billion /10 years**
Reduce state directed payments • Implement aggregate expenditure cap on SDPs • Establish Medicare rates as the upper payment limit for SDPs, reduced from higher ACR rate	**$25 billion / 10 years** **N/A**

CBO Estimate

Site-Neutral Payment Cuts

California Hospital Association

Policy	Estimated Savings
Pay Medicare drug administration in off-campus HOPDs at a lower rate	**$3.5 Billion / 10 years**
Pay all Medicare services in off-campus HOPDs at a lower rate	**$34.3 billion / 10 years (AHA analysis)**
Pay certain Medicare ambulatory payment classifications (APCs) in on-campus and off-campus HOPDs at the lower rate	**$180 billion / 10 years (AHA analysis)**
Pay all Medicare services in off-campus HOPDs at the lower rate and/or pay 66 APCs in on-and off-campus HOPDs at the lower rate with reinvestments made in certain hospitals (e.g., rural, safety-net)	**$139.5 billion / 10 years (AHA analysis)**
Equalizing Medicare payments for health care services that can be delivered in a physician's office	**$146 billion / 10 years**

CBO Estimate

Advance Premium Tax Credits

California Hospital Association

Policy	Estimated Savings
Enhanced APTCs not renewed	**$335 billion / 10 years**
Partial retention of enhanced subsidies	**$54 billion / 10 years**
Tighten fraud and abuse related to eligibility • Recapture excess subsidies • Repeal "family glitch" rule	 **$46 billion / 10 years** **$35 billion / 10 years**
Provide "consumer-facing" options on the exchange • Additional HSA flexibility	 **$10 billion / 10 years**
Reform Obamacare subsidies	**$5 billion / 10 years**

CBO Estimate

CHA Letters to the Delegation

February 10, 2025

Members of the California Congressional Delegation:

Over the next few weeks, you will face consequential decisions on health c
will be felt for years to come. We hope you will move quickly to protect th
hospitals for vital health care services by addressing several outstanding is
current continuing resolution that expires March 14.

Hospitals are fragile. More than half of all hospitals in California lose mo
Dozens more are barely above break-even. With each vote, you will have
lifeline or deliver another cut to a health care system on the brink.

One thing is certain: With your support, hospitals can continue to prov
their communities. On behalf of more than 400 hospitals and health sy
are all committed to help, we ask that you support a *continuing resol*

Protect Vulnerable Californians: Restore Payments to Disproportio
California's most vulnerable populations — including children, those
populations, and those living with disabilities — rely on programs ma
disproportionate share hospital (DSH) program. More than 150 hos
DSH program, which provides a lifeline that supports services such
and child health, high-risk neonatal care, and more. DSH resources
without any health coverage at all.

Without congressional action, major cuts to this essential progra
1, 2025, and would reduce payments to California's hospitals by a
understanding how essential Medicaid DSH funding is to these s
delayed the implementation of Medicaid DSH cuts with strong b
vital services, Congress must act again.

**Please delay cuts to this lifesaving program and ensure that
communities.**

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1215 K Street, Suite 700, Sacramento, CA 95814 ▪ Office: (916) 443-7401 ▪ w

February 12, 2025

Members of the California Congressional Delegation:

Upcoming votes on a federal budget resolution and reconciliation package give you the power to preserve access to hospital care for 40 million Californians and help rural and other struggling hospitals stay open in our state. Today — before any budget cuts are made — more than half of all hospitals in California lose money providing care and dozens more barely break even.

The impact of your votes on those who need care, and the 1 million jobs California hospitals support, will be felt for decades.

Please reject budget proposals that threaten care, coverage, and California hospitals' continued viability.

Protect California: Oppose Proposals that Target California
Certain proposals — reducing the Medicaid Federal Medical Assistance Percentage (FMAP), changes to Medicaid financing, and changes to the Medicare Area Wage Index (AWI) — would target and gut care in California more than in other states.

- The federal share of Medicaid spending, the FMAP, varies between states. It is set at 50% for California, the lowest level allowed under current law.
- A change in the FMAP would decimate health care coverage in California and devastate the providers who care for Californians.
- States fund their share of the Medicaid program through a patchwork of financing mechanisms approved by Congress — 49 states rely on provider taxes to fund a portion of their state Medicaid program.
- California is an expensive place to live and work. Medicare recognizes disparate costs of living with a payment adjustment called AWI; budget neutral changes to AWI would cut payments to ALL California hospitals, not just rural hospitals.

Please oppose proposals that will disproportionately hurt California.

Protect 15 Million Californians on Medicaid: Oppose Health Care Cuts for Seniors, Children, and More
Medicaid is an efficient insurer and vital to Californians' access to care. The facts:

- 14.9 million Californians — 38% of the state's population — were enrolled in Medicaid in October 2024.

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- CHA sent two letters outlining priority issues as Congress works to pass federal government funding for the balance of this fiscal year and a budget resolution for fiscal year 2026
  - Feb. 10th letter on continuing resolution
  - Feb. 12th letter on budget resolution and reconciliation package

ALERT

February 19, 2025

Your Voice Is Needed Now to Alert Members of Congress to Threats to Medicare and Medicaid

ACTION NEEDED

Congress is working on legislation that could mean **historic cuts to Medicare and Medicaid** — cuts that would deliver **a devastating blow to Californians' access to health care** and to hospitals struggling to deliver vital health services.

We need your help to make sure representatives understand the impact of Medicare and Medicaid on your community's economy, health, and overall stability — and especially on your patients and on your hospital's viability.

It's important to reach out now — as this legislation is being developed — even though detailed specifics of the proposals are not available. Your voice will be needed again to engage with your representatives when votes on cuts are near.

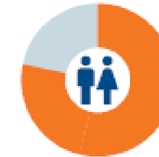
Medicaid in California

Medicaid in California

Medicaid is a lifeline to millions of Californians

14.9 million Californians — 38% of the state's population — were enrolled in Medi-Cal (California's Medicaid program) in October 2024.[1]

- **Nearly 50% of people** living in rural California counties are enrolled in Medicaid — the largest source of health care coverage in rural communities.
- **In addition to Medicaid, more than 1.5 million Californians** rely on federal support to pay for their exchange-based insurance premiums.
- **5 million children** — 50% of all kids — are covered by Medicaid.
- **40% of all births** in California are covered by Medicaid.



3/4 of Medicaid enrollees live in a household with someone working full or part time[2]

Fast facts about Medicaid financing

Medicaid funding is shared by state and federal governments.

- The federal share of Medicaid spending, the Federal Medical Assistance Percentage (FMAP), varies between states. It is set at 50% for California, the lowest level allowed under current law.
- The federal share for the nearly 5 million low-income Californians (about one-third of California enrollees) who were enrolled due to the expansion of Medicaid under the Affordable Care Act is 90%.
- A change in the FMAP would decimate health care coverage in California and devastate the providers who care for Californians.
- States fund their share of the Medicaid program through a patchwork of financing mechanisms approved by Congress — 49 states rely on provider taxes to fund a portion of their state Medicaid program.

CA spends Medicaid funding efficiently

Program expenses vary widely between the different populations served by Medicaid.[3]

- While children make up 33% of the enrollees, they are only 6% of the spending.
- Annual spending per child enrolled is just $2,359.
- Annual spending per senior enrolled is $14,163, or 17% of total spending.
- Annual spending per person with a disability is $26,393 or 31% of total spending.

Adjusted for cost of living, California's per enrollee spending ranks 14th lowest in the nation.[4] Hospitals are paid about **80 cents for every dollar** it costs to care for a Medicaid patient.

As Congress considers federal budget options, access to health care for rural Californians, children, and seniors must be protected.

Protecting Access to Care for All Californians

California Hospital Association

Protecting Access to Care for All Californians

California hospitals make miracles a daily routine.

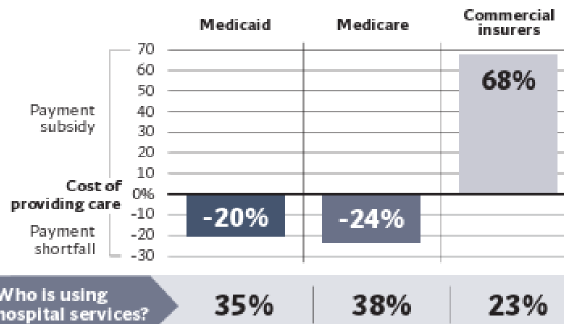
They save the lives of extremely premature babies, extend the lives of cancer and other patients, improve the lives of those experiencing traumatic illness and bodily harm, and more.

Californians need and deserve these services, along with the ability to access them through their health coverage.

With **53%** of California hospitals losing money every day to care for patients, the health care services upon which their communities rely are at risk. **When a hospital closes because of underpayment from Medicare or Medicaid, it closes for everybody.**

How Hospitals Are Financed

Government payers — **Medicaid and Medicare,** which cover 73% of hospital patient volume — don't cover costs. Medicaid pays just 80% of what it costs hospitals to care for patients, and Medicare covers just 76%.



Congress should protect people and communities at risk of losing vital health services by:

▶ **Preserving health care coverage —** Medicaid is a state-federal partnership that needs stability and predictability to ensure beneficiaries and providers are protected. Federal support for coverage through the ACA should be extended beyond 2025.

14.5 million – the number of Californians (5.5 million under age 20) covered by Medicaid

1.7 million – the number of Californians who rely on federal support to purchase health insurance

▶ **Strengthening hospitals' ability to provide care —** With hospitals struggling, policies that further reduce funding would put more Californians at risk. Congress should:

1. **Prevent expansion of Medicare's site-neutral payment policy to hospital outpatient departments.** Site-neutral payment policies fail to account for fundamental differences among hospitals and other ambulatory care settings, and Medicare's most vulnerable beneficiaries depend on outpatient hospital departments for their complex clinical needs.

2/3 of all hospitals have **negative Medicare margins**

2. **Extend a delay of or cancel entirely planned Medicaid disproportionate share hospital (DSH) payment reductions.** These hospitals are high Medicaid providers, often operating with negative margins, and simply cannot sustain additional cuts to reimbursement.

$1.2 billion – the amount hospitals that care for low-income Californians would lose if DSH cuts go through

3. **Support legislation to prevent service reduction or closure among rural hospitals.** Efforts to preserve access to ambulance services and obtain financial support through flexible loan programs are key to protecting remote hospitals.

8 – the number of percentage points that California critical access hospitals' **operating margins are down since 2019**

District Infographics & More

Hospitals Strengthen the Health and Economy of Congressional District 23

Statewide Impact

$371 billion
Economic output

965,000
Total jobs resulting from hospital employment

District Impact

$6 billion
Economic output

18,770
Jobs as a result of hospitals

Rep. Jay Obernolte (R)

How Hospitals in District 23 Are Paid

Other 2%
Commercial 22%
Medicare 29%
Medi-Cal 47%

Improving Overall Health

In District 23, some examples of how hospitals meet individual and community health needs include:

- Creating a food distribution program for low-income community members
- Reducing mental health stigma among youth and adults through a public and private partnership
- Developing wellness campuses for people experiencing homelessness to include recuperative care and mental health and social services

In 2024, voters in District 23 voted 64% in favor of improving funding for Medicaid.

In District 23 - We Are 24/7, 365

Hospitals	Beds	Admissions	Births	ED Visits
16	1,973	90,625	9,019	407,026

California Hospital Association

For more information, contact:
Anne O'Rourke, senior vice president, federal relations, at aorourke@calhospital.org

Sources: 2023 HCAI Hospital Annual Financial Selected Data File (December 2024 Extract) and 2022-2023 Hospital Annual Utilization Preliminary and Final Files (October 2023 and December 2024) Economic Multipliers from U.S. Bureau of Economic Analysis

Available on the CHA Federal Resource Page

- Medicaid Enrollees by District
- Medicare & Medicaid Proposal "Menu"

District-Specific Advocacy

Congressional District Infographics

Filter by:

Representative

Search...

Congressional District	Representative
Congressional District 1	LaMalfa, Doug
Congressional District 2	Huffman, Jared
Congressional District 3	Kiley, Kevin
Congressional District 4	Thompson, Mike
Congressional District 5	McClintock, Tom
Congressional District 6	Bera, Ami

Executive Orders and Administrative Actions

- President Trump has issued a wide range of Executive Orders, including many that could impact hospitals and health care
  - Immigration
  - Diversity, Equity and Inclusion
  - Price Transparency
  - Deregulation
  - Department of Government Efficiency (DOGE)

- American Hosptial Association Executive Order Tracker (member log-in required)

Impact of Presidential Immigration Executive Orders on Hospital Care

Caring for the sick and healing the injured — without regard to a patient's ethnicity, national origin, or citizenship status — is the mission of all hospitals. There is a special trust between patients and health care providers, and no one should ever be afraid to seek care for themselves or their loved ones because they fear being deported. This analysis of the intersection of California law and federal activities and actions around immigration enforcement is intended to support hospitals as they continue to care for patients.

Responding to Immigration and Customs Enforcement (ICE) Inquiries

- The U.S. Department of Homeland Security, Immigration and Customs Enforcement (ICE) is responsible for enforcing federal immigration laws.
- In 2021, the ICE director issued an internal memo directing ICE officers to generally avoid conducting enforcement activities (such as arrests, interviews, searches, and surveillance) at protected areas, including hospitals, churches, and schools (with rare exceptions). This policy did not prevent immigration enforcement actions at, or focused on, these locations, but rather provided guidance that these areas should generally be avoided. Adoption of this internal policy did not change the law — not for ICE officers, and not for hospitals. It only directed ICE officers to avoid protected locations in most cases.
- This internal ICE policy was rescinded by the Department of Homeland Security on January 21, 2025. Although ICE officers are technically now "free" to undertake all enforcement activities in these locations, including hospitals, if they wish, how a hospital responds to ICE is no different today than it was previously. Although it is too early to know whether this change in policy will result in increased enforcement activities at hospitals, the laws that hospitals need to follow have not changed. Hospitals should continue to follow their current policies and procedures when interacting with ICE officials.
- As a reminder, California and federal health information privacy laws prohibit hospitals, physicians, and other health care providers from disclosing patient information to ICE officers unless:
  - The patient signs a legally compliant "authorization for the release of information" form
  - The officer provides a valid subpoena, subpoena duces tecum, search warrant lawfully issued to ICE, or court order (for medical information requests)
  - The officer provides a valid judicial warrant signed by a United States District Court judge or magistrate (for physical access requests)

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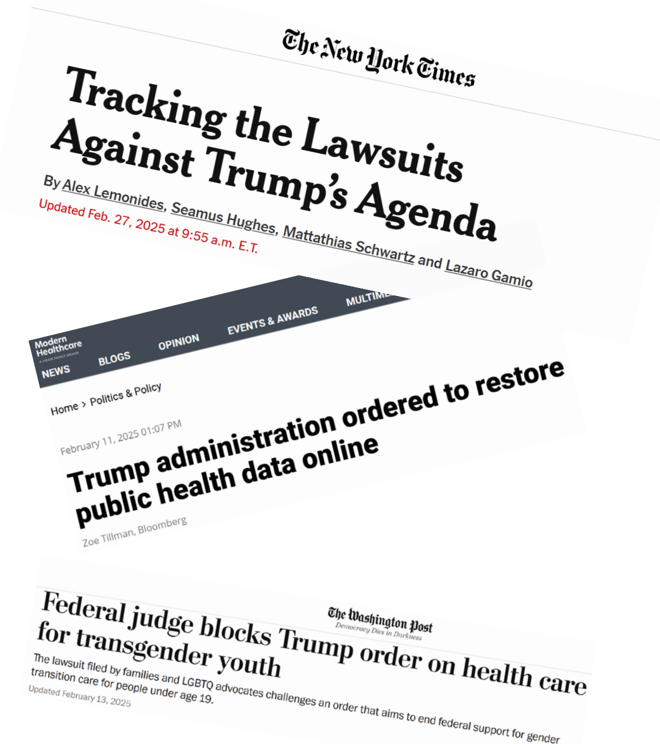

The New York Times

Tracking the Lawsuits Against Trump's Agenda

By Alex Lemonides, Seamus Hughes, Mattathias Schwartz and Lazaro Gamio

Updated Feb. 27, 2025 at 9:55 a.m. E.T.

Modern Healthcare

Home › Politics & Policy

February 11, 2025 01:07 PM

Trump administration ordered to restore public health data online

Zoe Tillman, Bloomberg

The Washington Post

Federal judge blocks Trump order on health care for transgender youth

The lawsuit filed by families and LGBTQ advocates challenges an order that aims to end federal support for gender transition care for people under age 19.

Updated February 13, 2025

Comments/Questions

California
Hospital
Association

Contact

California Hospital Association

For additional questions, please contact:

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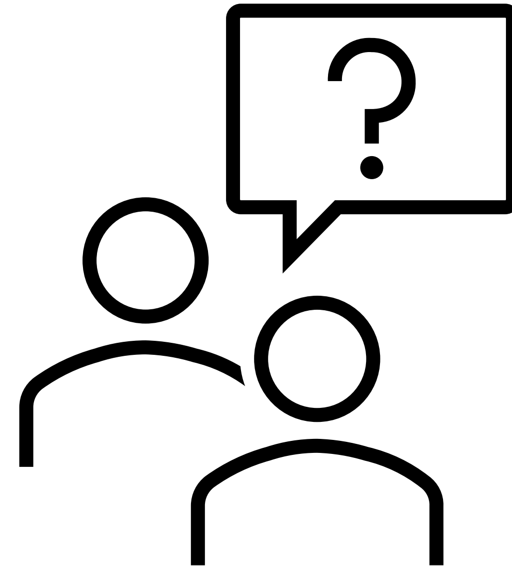

CHA Federal Resource Page
AHA Executive Order Tracker