

119TH CONGRESS
2D SESSION

H. R. 10134

To establish an eligibility exception for the drug discount program due to cuts to the Medicaid program.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 20, 2026

Ms. SCHOLTEN introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To establish an eligibility exception for the drug discount program due to cuts to the Medicaid program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Local Health Care
5 Protection Act of 2026”.

6 **SEC. 2. ELIGIBILITY EXCEPTION FOR THE DRUG DISCOUNT**
7 **PROGRAM DUE TO CUTS TO THE MEDICAID**
8 **PROGRAM.**

9 (a) IN GENERAL.—Notwithstanding any other provi-
10 sion of law, in the case of a hospital described in sub-

1 section (b) that, with respect to cost reporting periods that
2 begin during fiscal year 2026 or a subsequent fiscal year,
3 but do not end after September 30, 2030, does not meet
4 the applicable requirement for the disproportionate share
5 adjustment percentage described in subsection (c), but
6 otherwise meets the requirements for being a covered enti-
7 ty under subparagraph (L), (M), or (O) of subsection
8 (a)(4) of section 340B of the Public Health Service Act
9 (42 U.S.C. 256b) and is in compliance with all other re-
10 quirements of the program under such section, shall be
11 deemed a covered entity for purposes of such section for
12 the period—

13 (1) beginning on the date of the enactment of
14 this Act (or, if later, with the first of such cost re-
15 porting periods for which the hospital does not so
16 meet such applicable requirement for the dispropor-
17 tionate share adjustment percentage, but otherwise
18 meets all other such requirements for being such a
19 covered entity and of such program); and

20 (2) ending with the last of such cost reporting
21 periods (ending not later than September 30, 2030)
22 for which the hospital does not so meet such applica-
23 ble requirement for the disproportionate share ad-
24 justment percentage, but otherwise meets all other

1 such requirements for being such a covered entity
2 and of such program.

3 (b) HOSPITALS.—A hospital described in this sub-
4 section is an entity that, on July 3, 2025, was a covered
5 entity described in subparagraph (L), (M), or (O) of sub-
6 section (a)(4) of section 340B of the Public Health Service
7 Act participating in the drug discount program under such
8 section.

9 (c) APPLICABLE REQUIREMENT FOR DISPROPOR-
10 TIONATE SHARE ADJUSTMENT PERCENTAGE.—The appli-
11 cable requirement for the disproportionate share adjust-
12 ment percentage described in this subsection is—

13 (1) in the case of a hospital described in sub-
14 section (a) that otherwise meets the requirements
15 under subparagraph (L) or (M) of section
16 340B(a)(4) of the Public Health Service Act, the re-
17 quirement under subparagraph (L)(ii) of such sec-
18 tion; and

19 (2) in the case of a hospital described in sub-
20 section (a) that otherwise meets the requirements
21 under subparagraph (O) of such section 340B(a)(4),
22 the requirement with respect to the disproportionate
23 share adjustment percentage described in such sub-
24 paragraph (O).

1 (d) REPORT.—Not later than 1 year after the date
2 of the enactment of this Act, the Comptroller General of
3 the United States shall conduct a study and submit to
4 Congress a report on the criteria used to determine wheth-
5 er an entity is a covered entity and the criteria used by
6 States to determine whether a hospital serves a dispropor-
7 tionate number of low income patients with special needs
8 for purposes of section 1923 of the Social Security Act
9 (42 U.S.C. 1396r–4). Such report shall also—

10 (1) evaluate the impact of declining payments
11 under section 1886(d)(5)(F) of the Social Security
12 Act (42 U.S.C. 1396ww(d)(5)(F)) in rural areas, in-
13 cluding whether such declining payments correlate
14 with the loss of critical services such as obstetrics
15 and gynecology, oncology, or other essential special-
16 ties;

17 (2) review current proposals to revise the for-
18 mula for determining payment adjustments under
19 such section, including those put forward by the
20 Medicare Payment Advisory Commission, the Amer-
21 ican Hospital Association, America’s Essential Hos-
22 pitals, and the Children’s Health Association;

23 (3) assess the strengths and weaknesses of each
24 proposal described in paragraph (2) to inform future
25 policy decisions;

1 (4) analyze the current methodology for deter-
2 mining such payment adjustments, including any
3 changes in such methodology to account for recent
4 litigation; and

5 (5) identify common factors and underlying
6 causes that lead to a decline in such payment ad-
7 justments for hospitals, including—

8 (A) whether disability determinations made
9 by the Social Security Administration accu-
10 rately reflect eligibility, particularly in light of
11 case backlogs; and

12 (B) whether limited post-acute care capac-
13 ity in rural or underserved areas is impacting
14 such payment adjustments.

15 (e) DEFINITION.—In this section, the term “covered
16 entity” has the meaning given such term in section
17 340B(a)(4) of the Public Health Service Act (42 U.S.C.
18 256b(a)(4)).

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