

119TH CONGRESS
2D SESSION

H. R. 7145

To amend title XIX of the Social Security Act to establish a definition of essential health system in statute and for other related purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 16, 2026

Mrs. TRAHAN (for herself, Mr. VALADAO, Mr. CISCOMANI, Mr. CARTER of Louisiana, Mr. VEASEY, and Mr. SOTO) introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To amend title XIX of the Social Security Act to establish a definition of essential health system in statute and for other related purposes.

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. ESTABLISHING A DEFINITION OF ESSENTIAL**
4 **HEALTH SYSTEM IN STATUTE.**

5 (a)(1) IN GENERAL.—Section 1905 of the Social Se-
6 curity Act (42 U.S.C. 1396d) is amended by adding at
7 the end the following new subsection:

8 “(1) ESSENTIAL HEALTH SYSTEM.—The term ‘es-
9 sential health system’ means a hospital—

1 “(1)(A) that is a subsection (d) hospital (as de-
2 fined in section 1886(d)(1)(B));

3 “(B) that is a non-Federal governmental or pri-
4 vate nonprofit hospital; and

5 “(C) that met one of the following three criteria
6 in at least two of the three most recent fiscal years,
7 demonstrating the hospital provides a high-volume of
8 care to Medicaid and other low-income patients:

9 “(i) MEDICAID AND LOW-INCOME MEDI-
10 CARE CRITERIA.—

11 “(I) The hospital had a Medicare dis-
12 proportionate patient percentage of at least
13 35 percent (as defined in section
14 1886(d)(5)(F)(vi)).

15 “(ii) UNCOMPENSATED CARE CRITERIA.—

16 “(I) The hospital had a Medicare dis-
17 proportionate share hospital uncompen-
18 sated care payment factor of 0.0005 or
19 more (as defined in section 1886(r)(2)(C)).

20 “(iii) STATE-ADJUSTED LOW-INCOME CARE
21 CRITERIA.—

22 “(I) The hospital had a value for the
23 criteria described in clause (i) or clause (ii)
24 that is in the top 16th percentile for sub-
25 section (d) hospitals (as defined in section

1 1886(d)(1)(B)) in the state in which it is
2 located.

3 In determining whether a hospital meets at
4 least one of the criteria specified in subpara-
5 graph (C), the Secretary shall utilize data pub-
6 lished with the final rules revising the Medicare
7 inpatient prospective payment systems for the
8 three most recent fiscal years.

9 “(2) PERIOD OF DESIGNATION.—The designa-
10 tion of an essential health system under paragraph
11 (1) shall be effective for a period of 5 years, pro-
12 vided the hospital continues to meet the criteria in
13 subparagraphs (A) and (B) in each year, and shall
14 be subject to redesignation thereafter under para-
15 graph (1) for five year periods thereafter.”.

16 (b) ESSENTIAL HEALTH SYSTEM DESIGNATION AND
17 INDEX.—Section 1900(b) of the Social Security Act (42
18 U.S.C. 1396(b)) is amended—

19 (1) by redesignating paragraphs (7) through
20 (14) as paragraphs (8) through (15) respectively;
21 and

22 (2) by inserting after paragraph (6) the fol-
23 lowing:

24 “(7) ESSENTIAL HEALTH SYSTEM INDEX.—

1 “(A) Not later than six months after the
2 date of enactment and by August 1st in each
3 year thereafter, MACPAC shall—

4 “(i) Prepare and submit to Congress
5 a list of essential health systems that meet
6 the criteria specified in section 1905(l), in-
7 cluding hospitals newly meeting the criteria
8 and those that were so designated in one
9 of the previous four fiscal years; and

10 “(ii) Establish and publish essential
11 health system index values for each hos-
12 pital that is a subsection (d) hospital (as
13 defined in section 1886(d)(1)(B)) in ac-
14 cordance with subparagraph (B).

15 “(B) In this subparagraph, the term ‘es-
16 sential health system index value’ is a computa-
17 tion of each hospital’s percentile ranking for the
18 most recent fiscal year for which data is avail-
19 able on the measures described in
20 section 1905(l)(1)(C)(i) and (ii) compared to
21 other subsection (d) hospitals in the:

22 “(i) same core-based statistical area
23 (if applicable),

24 “(ii) same state, and

25 “(iii) nationally.

1 “(C) MACPAC shall report these values
2 individually and shall also report a composite
3 index value calculated as the average of the in-
4 dividual index values specified in subparagraph
5 (B).”.

6 (c) MACPAC AGENDA.—Section 1900(b)(2)(A) of
7 the Social Security Act (42 U.S.C. 1396(b)(2)(A)) is
8 amended—

9 (1) in clause (ii), by striking “and” at the end;

10 (2) in clause (iii), by striking the period at the
11 end and inserting “; and” at the end; and

12 (3) by adding at the end the following new
13 clause:

14 “(iv) payment policies that use the
15 criteria described in subparagraph (b)(7)
16 to provide targeted support for essential
17 health systems and ensure access to the es-
18 sential community services that they pro-
19 vide.”.

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