

119<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 7727

To amend title XVIII of the Social Security Act to ensure the continued designation of certain critical access hospitals under the Medicare program, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 2026

Mr. ALFORD (for himself, Mr. THOMPSON of Pennsylvania, Ms. TOKUDA, and Mr. CUELLAR) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend title XVIII of the Social Security Act to ensure the continued designation of certain critical access hospitals under the Medicare program, and for other 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. SHORT TITLE.**

4       This Act may be cited as the “Sustaining Rural  
5       Healthcare Act”.

1 **SEC. 2. ENSURING THE CONTINUED DESIGNATION OF CER-**  
2 **TAIN CRITICAL ACCESS HOSPITALS UNDER**  
3 **THE MEDICARE PROGRAM.**

4 Section 1820(c)(2) of the Social Security Act (42  
5 U.S.C. 1395i-4(c)(2)) is amended by adding at the end  
6 the following new subparagraph:

7 “(F) ENSURING CONTINUED DESIGNATION  
8 OF CERTAIN CRITICAL ACCESS HOSPITALS.—A  
9 facility that is designated as a critical access  
10 hospital by a State under subparagraph (B)  
11 that meets the criterion specified in clause (i)(I)  
12 as of the date of such designation and that  
13 would continue to be eligible for such designa-  
14 tion but for application of such criterion shall  
15 be deemed to meet such criterion for a period  
16 specified by the Secretary (not to exceed 3  
17 years) if the Secretary determines that loss of  
18 such designation would reduce access to nec-  
19 essary health care items and services for indi-  
20 viduals residing in the service area of such facil-  
21 ity.”.

22 **SEC. 3. DISCRETIONARY AUTHORITY FOR STABILIZATION**  
23 **PARITY.**

24 (a) IN GENERAL.—Notwithstanding any other provi-  
25 sion of law, the Secretary may designate a hospital as a  
26 Critical Access in Character for purposes of Medicare re-

1 reimbursement if the Secretary determines that the hospital  
2 is critical to ensuring access to essential health services  
3 in the community it serves.

4 (b) ELIGIBILITY CRITERIA.—A hospital may qualify  
5 for designation under subsection (a) if the hospital—

6 (1) is located in a rural area, as defined under  
7 section 1886(d)(2)(D) of the Social Security Act or  
8 a rural census tract of a metropolitan statistical  
9 area (as determined under the most recent modifica-  
10 tion of the Goldsmith Modification, originally pub-  
11 lished in the Federal Register on February 27, 1992  
12 (57 Fed. Reg. 6725));

13 (2) is located in an area designated by the Sec-  
14 retary as a health professional shortage area;

15 (3) serves medically underserved, persistent  
16 poverty, Tribal, or frontier communities;

17 (4) serves a high proportion of Medicare bene-  
18 ficiaries, as determined by the Secretary based on  
19 the percentage of inpatient or outpatient encounters  
20 attributable to individuals entitled to benefits under  
21 Medicare; and

22 (5) faces a significant risk of full or partial clo-  
23 sure or a material reduction in the scope of services  
24 furnished, as determined by the Secretary using fi-  
25 nancial or operational performance indicators.

1           (c) PAYMENT PARITY AUTHORITY.—A hospital re-  
2 ceiving a designation under this section shall, for the pe-  
3 riod of such designation, be eligible to receive reimburse-  
4 ment for inpatient and outpatient services under Medicare  
5 at payment rates equivalent to those applicable to a Crit-  
6 ical Access Hospital, subject to such limitations and condi-  
7 tions as the Secretary may establish.

8           (d) DURATION.—A designation under this section  
9 shall remain in effect only until the hospital is financially  
10 and operationally stabilized, as determined by the Sec-  
11 retary, but may not extend beyond a period of 3 years  
12 unless renewed by the Secretary for good cause.

13           (e) GUIDANCE AND IMPLEMENTATION.—Not later  
14 than 12 months after the date of enactment, the Secretary  
15 shall issue guidance describing eligibility standards, docu-  
16 mentation requirements, and renewal conditions; establish  
17 monitoring and reporting requirements to ensure perform-  
18 ance, patient access, and financial stability improvements  
19 during the stabilization period; and collaborate with the  
20 Department of Agriculture to make available no-cost  
21 Technical Assistance through the Community Facilities  
22 Program to designated hospitals to strengthen their finan-  
23 cial and operational status.

24           (f) NO ADVERSE PRECEDENT.—A designation under  
25 this section shall not be construed as conferring Critical

1 Access Hospital status for purposes of any other provision  
2 of law.

3 (g) FINANCIAL RISK STANDARD.—In conducting a  
4 review under subsection (a), the Secretary shall determine  
5 whether the hospital is at significant financial risk of re-  
6 duced access to essential health services in the community  
7 it serves. Such determination shall be based on evidence  
8 that the hospital’s financial distress—

9 (1) results primarily from the unique oper-  
10 ational challenges of furnishing health care in a  
11 rural area, including low patient volumes, workforce  
12 shortages, geographic isolation, or payer mix charac-  
13 teristics typical of rural communities; and

14 (2) does not result primarily from improper fi-  
15 nancial management, including but not limited to  
16 misallocation of resources, avoidable administrative  
17 inefficiencies, or non rural business decisions unre-  
18 lated to the provision of rural health services.

19 (h) DOCUMENTATION.—The Secretary may require  
20 the hospital to submit such financial statements, oper-  
21 ational data, and other documentation as the Secretary  
22 determines necessary to evaluate the criteria described in  
23 subsection (b).

24 (i) RULE OF CONSTRUCTION.—Nothing in this sec-  
25 tion shall be construed to limit the Secretary’s authority

- 1 to impose additional conditions or oversight necessary to
- 2 ensure the integrity of the Critical Access Hospital pro-
- 3 gram.

