

**Explanation of Changes Reflected in the Chairman’s
Amendment in the Nature of a Substitute to the
Budget Reconciliation Legislative Recommendations**

May 12, 2025

The Chairman’s amendment in the nature of a substitute includes the following changes to the budget reconciliation legislative recommendations in the Committee Print (page and line references are to the legislative recommendations in the Committee Print where applicable):

1. After Subtitle B, Part 2, as amended insert as follows:

PART 3—INVESTING IN THE HEALTH OF RURAL AMERICA AND MAIN STREET

**SEC. 111201. EXPANDING THE DEFINITION OF RURAL EMERGENCY HOSPITAL
UNDER THE MEDICARE PROGRAM.**

(a) IN GENERAL.—Section 1861(kkk) of the Social Security Act (42 U.S.C. 1395x(kkk)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (A), by striking “the detailed transition plan” and all that follows through “such paragraph” and inserting “the detailed transition plan described in clause (i)(I) of such paragraph or the assessment of health care needs described in clause (i)(II) of such paragraph, as applicable,”;

(B) in subparagraph (D)(vi), by striking the period at the end and inserting “; and”;

(C) by adding at the end the following new subparagraph:

“(E) in the case of a facility described in paragraph (3)(B)—

“(i) submits an application under section 1866(j) to enroll under this title as a rural emergency hospital—

“(I) in the case that such facility is located in a State that, as of January 1, 2027, provides for the licensing of rural emergency hospitals under State or applicable local law (as described in paragraph (5)(A)), not later than December 31, 2027; and

“(II) in the case that such facility is located in a State that, as of January 1, 2027, does not provide for the licensing of such rural emergency hospitals under State or applicable local law (as so described), not later than the date that is 1 year after the date on which such State begins to provide for such licensing; and

“(ii) in the case that such facility is located less than 35 miles away from the nearest hospital, critical access hospital, or rural emergency hospital as of the date on which such facility submits an application under section 1866(j) to enroll under this title as a rural emergency hospital, beginning not later than 1 year after the end of the first full cost reporting period for which the facility is so enrolled, demonstrates annually, in a form and manner determined appropriate by the Secretary, that more than 50 percent of the services furnished for the most recent cost reporting period (as determined by the Secretary) were services described in paragraph (1)(A)(i), as determined based on discharges of individuals entitled to benefits under part A or enrolled under part B during such cost reporting period.”;

(2) in paragraph (3)—

(A) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively, and adjusting the margins accordingly;

(B) by striking “A facility” and inserting:

“(A) IN GENERAL.—A facility”; and

(C) by adding at the end the following new subparagraph:

“(B) ADDITIONAL FACILITIES.—Beginning January 1, 2027, a facility described in this paragraph shall also include a facility that—

“(i) at any time during the period beginning January 1, 2014, and ending December 26, 2020—

“(I) was a critical access hospital; or

“(II) was a subsection (d) hospital (as defined in section 1886(d)(1)(B)) with not more than 50 beds located in a county (or equivalent unit of local government) in a rural area (as defined in section 1886(d)(2)(D)); and

“(ii) as of December 27, 2020, was not enrolled in the program under this title under section 1866(j).”; and

(3) in paragraph (4)—

(A) in subparagraph (A)(i)—

(i) in subclause (IV), by striking the period at the end and inserting “; and”;

(ii) by redesignating subclauses (I) through (IV) as items (aa) through (dd), respectively, and adjusting the margins accordingly;

(iii) by striking “including a detailed” and inserting “including—

“(I) except in the case of a facility described in paragraph (3)(B), a detailed”;
and

(iv) by adding at the end the following new subclause:

“(II) in the case of a facility described in paragraph (3)(B), an assessment of the health care needs of the county (or equivalent unit of local government) in which such facility is located, which shall include—

“(aa) a description of the services furnished by the facility during the period that such facility was enrolled in the program under this title under section 1866(j);

“(bb) a description of the reasons that the facility, as of December 27, 2020, was no longer so enrolled;

“(cc) the population of such county (or equivalent unit);

“(dd) the percentage of such population who are individuals entitled to benefits under part A or enrolled under part B; and

“(ee) a description of any lack of access to health care services experienced by such individuals, and an explanation of how reopening the facility as a rural emergency hospital would mitigate such lack of access.”.

(b) AMENDMENTS TO PAYMENT RULES.—Section 1834(x) of the Social Security Act (42 U.S.C. 1395m(x)) is amended—

(1) in paragraph (1), by inserting “, except that, in the case of a facility described in section 1861(kkk)(3)(B) that, as of the date on which such facility submits an application under section 1866(j) to enroll under this title as a rural emergency hospital, is located less than 35 miles away from the nearest hospital, critical access hospital, or rural emergency hospital, such increase shall not apply” before the period at the end; and

(2) in paragraph (2)(A), by inserting “(other than a facility described in section 1861(kkk)(3)(B) that, as of the date on which such facility submits an application under section 1866(j) to enroll under this title as a rural emergency hospital, is located less than 10 miles away from the nearest hospital, critical access hospital, or rural emergency hospital)” after “rural emergency hospital”.

2. Page 26, line 9: strike all of section 112002.

3. After newly added section 112030 insert the following:

SEC. 112031. MODIFICATIONS TO DE MINIMIS ENTRY PRIVILEGE FOR COMMERCIAL SHIPMENTS.

(a) CIVIL PENALTY.—

(1) ADDITIONAL PENALTY IMPOSED.—Section 321 of the Tariff Act of 1930 (19 U.S.C. 1321) is amended by adding at the end the following new subsection:

“(c) Any person who enters, introduces, facilitates, or attempts to introduce an article into the United States using the privilege of this section, the importation of which violates any other provision of United States law, shall be assessed, in addition to any other penalty permitted by law, a civil penalty of up to \$5,000 for the first violation and up to \$10,000 for each subsequent violation.”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect 30 days after the date of the enactment of this Act.

(b) REPEAL OF COMMERCIAL SHIPMENT EXCEPTION.—

(1) REPEAL.—Section 321(a)(2)(B) of such Act (19 U.S.C. 1321(a)(2)(B)) is amended by striking “of this Act, or” and all that follows through “subdivision (2); and” and inserting “of this Act; and”.

(2) CONFORMING REPEAL.—Subsection (c) of such section 321, as added by subsection (a) of this section, is repealed.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on July 1, 2027.

3. On page 23, line 10, strike “Section 112001” and replace with “Section 112104”.

4. Insert the following after new section 112203:

SEC. 112204. IMPLEMENTING ARTIFICIAL INTELLIGENCE TOOLS FOR PURPOSES OF REDUCING AND RECOUPING IMPROPER PAYMENTS UNDER MEDICARE.

(a) IN GENERAL.—Part E of title XVIII of the Social Security Act (42 U.S.C. 1395x et seq.), as amended by the preceding provisions of this Act, is amended by adding at the end the following new section:

“SEC. 1899D. IMPLEMENTING ARTIFICIAL INTELLIGENCE TOOLS FOR PURPOSES OF REDUCING AND RECOUPING IMPROPER PAYMENTS.

“(a) IN GENERAL.—Not later than January 1, 2027, the Secretary shall implement such artificial intelligence tools determined appropriate by the Secretary for purposes of—

“(1) reducing improper payments made under parts A and B; and

“(2) identifying any such improper payments so made.

“(b) CONTRACTS.—The Secretary shall seek to contract with a vendor of artificial intelligence tools and with data scientists for purposes of implementing the artificial intelligence tools required under subsection (a).

“(c) RECOUPMENT.—The Secretary shall, to the extent practicable, recoup payments identified using the artificial intelligence tools implemented under subsection (a).

“(d) REPORT.—Not later than January 1, 2029, and not less frequently than annually thereafter, the Secretary shall report to Congress on the implementation of artificial intelligence tools under subsection (a) and the recoupment of improper payments under subsection (c). Such report shall include—

“(1) a description of any opportunities for further reducing rates of improper payments described in subsection (a)(1) or further increasing rates of recoupment of such payments;

“(2) the total dollar amount of improper payments recouped in the most recent year for which data is available; and

“(3) in the case that the Secretary fails to reduce the rate of improper payments by 50 percent in such most recent year as compared to the year prior to such most recent year, a description of the reasons for such failure.”.

(b) IMPLEMENTATION FUNDING.—

(1) FEDERAL HOSPITAL INSURANCE TRUST FUND.—The Secretary of Health and Human Services shall provide for the transfer from the Federal Hospital Insurance Trust Fund established under section 1817 of the Social Security Act (42 U.S.C. 1395i) to the Centers for Medicare & Medicaid Services Program Management Account of \$12,500,000 for fiscal year 2025 for purposes of carrying out the amendment made by this section, to remain available until expended.

(2) FEDERAL SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND.—The Secretary of Health and Human Services shall provide for the transfer, from the Federal Supplementary Medical Insurance Trust Fund established under section 1841 of the Social Security Act (42 U.S.C. 1395t) to the Centers for Medicare & Medicaid Services Program Management Account of \$12,500,000 for fiscal year 2025 for purposes of carrying out the amendment made by this section, to remain available until expended.

5. After Subtitle C, insert the following:

Subtitle D – Increase in Debt Limit

SEC. 113001. MODIFICATION OF LIMITATION ON THE PUBLIC DEBT.

The limitation under section 3101(b) of title 31, United States Code, as most recently increased by section 401(b) of Public Law 118–5 (31 U.S.C. 3101 note), is increased by \$4,000,000,000,000.