

Pediatric Care Stability & Transparency Act of 2025

(Healthy-Incentive & Abuse-Guard Draft – v2.0)

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1 Short Title & Purpose

Section 101. This Act may be cited as the “**Pediatric Care Stability & Transparency Act of 2025**” (PCSTA).

Section 102. Purpose. To (1) stabilize pediatric-hospital finances, (2) protect families from catastrophic pediatric drug costs, (3) promote value-based payer behavior, and (4) provide transparent safeguards against gaming or abusive enforcement.

2 Definitions

(Selected)

- **Child / Pediatric Patient:** individual under 21 years of age.
 - **Medicare-Plus-10 Floor:** payment rate equal to 110 percent of the Medicare allowable for the same service.
 - **Pediatric Access Fee (PAF):** annual assessment under Title V.
 - **Value-Based Pediatric Contract (VBPC):** payer–provider agreement paying \geq Medicare-Plus-10 for bundled pediatric care with quality metrics.
 - **Ultra-Rare Pediatric Drug:** FDA-approved drug with $< 200\,000$ U.S. pediatric patients annually **and** per-patient annual cost $\geq \$200\,000$.
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3 Title I – Medicaid Pediatric Parity Floor

§301. Payment Floor. Effective FY 2026, State Medicaid programs shall reimburse inpatient and outpatient pediatric hospital services at not less than the Medicare-Plus-10 Floor.

§302. Covered Code Index. HHS shall annually publish the Pediatric Covered-Code Index (PCCI). Any new code defaults to the floor until explicitly removed by rule-making.

§303. Anti-Up-Coding Audits. Coding-mix shift > 10 % YoY triggers mandatory independent audit within 90 days. Proven abuse → repayment + 5 % interest + 12-month exclusion from 340B.

4 Title II – CHGME Stabilization

§401. Permanent Funding. Children’s-Hospital Graduate Medical Education program funded at \$1.5 B annually, CPI-Med indexed.

§402. Use-of-Funds Ledger. ≥ 90 % of CHGME disbursements shall be spent on direct pediatric training costs; quarterly public ledger posted on HHS portal.

5 Title III – Pediatric Drug Affordability & Rare-Disease Partnership

§501. 340B Expansion. All freestanding children’s hospitals qualify for 340B discounts conditional on §301 audit compliance.

§502. Targeted Price Negotiation. HHS may negotiate up to **5 Ultra-Rare Pediatric Drugs per fiscal year**.

§503. Patent-Extension/PRV Bundle. Manufacturer accepting negotiated price & contributing real-world data to NIH Registry receives **12-month patent extension** and 1 transferable Priority-Review Voucher (PRV) for a future pediatric indication.

- **§504. R&D Credit Top-Up.** Qualifying orphan-drug R&D expenses receive extra 10 % credit (cap \$50 M/firm/yr) if §502 compliance maintained.
- **§505. Copay Cap.** Family out-of-pocket for any single pediatric medication capped at \$200/month.

6 Title IV – Administrative Simplification & Claims Integrity

§601. Single Prior-Auth Form. CMS shall publish a national pediatric prior-auth template within 180 days. 72-hour auto-approval if payer fails to respond.

§602. 12-Month Grace Period. Penalties for auto-approval non-compliance suspended for first plan year to ease transition.

§603. Denial Dashboard. Hospitals upload weekly denied-claim datasets; CMS publishes **quarterly, risk-adjusted ranks** after 14-day factual-appeal window. Plans > 10 % above median denial rate pay 1 bp surcharge on PAF.

7 Title V – All-Payer Pediatric Access Fee & Healthy-Plan Incentives

§701. Assessment. Insurers covering dependents shall pay **\$1.25 per covered life per year** to the Pediatric Access Fund (PAF); fee is tax-deductible as quality-improvement expense.

§702. VBPC Rebate. Plans with certified **Value-Based Pediatric Contracts** covering $\geq 40\%$ of pediatric admissions may claim **50 % rebate** on PAF for that year.

§703. Network Adequacy Credit. Plans adding ≥ 1 CHGME-eligible hospital in medically-underserved counties receive expedited network-adequacy certification.

§704. Trust-Fund Lockbox. Treasury shall segregate PAF receipts; disbursement only to pediatric hospitals per statutory formula; quarterly public ledger.

8 Title VI – Kids-Maryland Global Budget Pilot

§801. Pilot Authority. CMS may select up to 5 states for five-year pediatric global-budget pilots.

§802. Volume Guard. If case volume rises $> 5\%$ YoY without commensurate quality gain, CMS claws back 50 % of incremental payments.

9 Title VII – Site-Neutral Price Transparency

§901. Posting Requirement. Hospitals shall publish **median collected prices** for top 50 pediatric DRGs & 25 outpatient procedures in machine-readable format.

§902. Data-Tampering Penalty. Two false filings \rightarrow civil fine up to \$500 000 + 1-year suspension from Medicare Advantage contracting.

10 Title VIII – Oversight, Integrity, & Anti-Capture Safeguards

§1001. Pediatric Payment Integrity Office (PPIO). Within CMS; funded \$25 M/yr; duties: audits, denial dashboard, PAF compliance.

§1002. Balanced Board. PPIO governed by 9-member voting board: 3 hospital reps, 3 payer reps, 3 patient advocates; plus 2 GAO auditors (non-voting). Four-year staggered terms.

§1003. Audit Randomization. GAO-certified random algorithm selects audits; log published after selections locked.

§1004. Penalty Schedules & FOIA Clock. All monetary penalties follow statutory tables; settlement communications released under FOIA within 60 days.

§1005. STOCK-Act Cross-Check. SEC & HHS IG conduct biannual insider-trading sweep; enforcement actions $\geq \$10$ M posted within 48 hours.

§1006. Scope-of-Data Clause. PPIO requests limited to data fields enumerated in statute; expansions require rule-making & 30-day comment.

§1007. Emergency Waiver Limits. Secretary may reduce Medicaid floor $\leq 2\%$ for ≤ 12 months; GAO review; further extension requires joint resolution of Congress.

11 Title IX – Judicial Review & Sunset

§1101. Expedited Review. Affected parties may seek review in D.C. Circuit within 60 days of Secretary determination; court must rule within 120 days.

§1102. Sunset. Titles I, III, V, VII, and VIII sunset after 5 years unless re-authorized by Congress following GAO evaluation.