GME/T Legislative Committee Balanced Review

H.R. 7409 - Defend Rural Health Act of 2026, Miller (WV) and Taylor (OH)

The intent of this review is to report direct and indirect impacts of proposed legislation, regulation or standards of accreditation on Graduate Medical Education (GME) that can reasonably be anticipated, for the purpose of informing policy, responding to requests for comment, and/or directing further work by GME Transformation and its members. This review is intended to provide a balanced, educational analysis and does not represent endorsement, opposition, or advocacy for the legislation under review.

Section I: Information

- **Legislation Title and Bill Number:** H.R. 7409 - Defend Rural Health Act of 2026
- **Policy Category**: Hospital payment types, Rural
- **Date of Review:** March 17, 2026
- **Date of Approval by the Legislative Committee:** June 22, 2026

Section 2: Summary

Brief overview: H.R. 7409 seeks to amend the Social Security Act to limit the geographic reclassification of hospitals under Medicare. Specifically, the legislation addresses the practice of "dual classification," where hospitals located in urban areas reclassify as rural to access additional federal benefits while retaining higher urban payment advantages. For a history of this issue see NRHA policy brief regarding "erosion in definitions of rural places," December 2022.

- The bill establishes stricter criteria for rural reclassification and prohibits hospitals from simultaneously receiving both rural and urban benefits through the Medicare Geographic Classification Review Board. It also phases in tighter eligibility requirements, with a key enforcement date beginning October 1, 2026, and additional restrictions by October 1, 2029.
- **Introduced by:** Representative Dave Taylor (OH-02) and Representative Carol Miller (WV-01)
- **Current status**: Introduced in the House of Representatives on February 5, 2026; referred to the House Committee on Ways and Means.

Section 3: Potential Impacts on GME (Positive (+) Negative (-) or Neutral (/))

- **Direct:**
  - \+ May help preserve Graduate Medical Education (GME) funding streams intended for truly rural hospitals by reducing competition from urban hospitals utilizing dual classification.
  - \+ Could strengthen the financial stability of rural teaching hospitals, which often rely on Medicare GME payments tied to rural designation.
  - \+ Reinforces policy intent that rural training sites receive targeted federal support and may help ensure that rural-specific funding mechanisms are directed toward

hospitals physically located in rural communities, potentially improving sustainability of rural residency programs.

+ Could increase incentives for urban hospitals to partner with rural hospitals through separately accredited Rural Track Programs (RTPs), which may offer opportunities for new Medicare GME funding associated with qualifying new programs.

– Urban hospitals that currently utilize rural reclassification may experience changes in Medicare GME funding opportunities for future residency program development and expansion. Depending on how rural designation affects eligibility for other federal programs, some institutions could also experience impacts beyond GME financing.
– May limit ability for hospitals that are training at or over cap to start new programs or tracks in rural areas, including development of new specialty residency programs (e.g., psychiatry, general surgery) and community-based training programs that do not qualify for existing RTP funding but provide substantial rural training experiences.
– Could potentially further limit options for community health centers to partner with urban hospitals to start new community-based programs, given current constraints on THCGME funding and other pathways for financing new residency programs.
– Could create barriers for FORHP-designated rural hospitals and communities located within metropolitan CBSAs that currently rely on partnerships with rural referral centers to access IME funding for new residency programs.

- **Indirect:**
  + By redirecting resources to geographically rural hospitals, the legislation may support expansion or retention of rural training programs, supporting overall rural workforce.
  + May encourage future discussion regarding modernization of rural definitions and alternative GME funding mechanisms if policymakers seek to preserve residency growth while limiting dual classification.

  – Hospitals losing dual classification status may reduce service lines, planned residency growth, or teaching capacity if alternative funding mechanisms are not available.
  – Increased time to implement RTPs if urban hospitals only get new funding for RTPs that require separate accreditation (e.g., 2 or more years, instead of 6-12 months).
  – May disproportionately affect emerging residency programs serving rural, tribal, and underserved populations located within large metropolitan statistical areas that do not meet current CMS rural eligibility standards.
  – Further confusion around these issues, requiring significant education.

- Potential reduced urgency and momentum for other rural GME policy initiatives, as passage may create a perception that rural GME needs have been addressed.