



April 6, 2022

The Honorable Robert Casey
U.S. Senate
393 Russell Senate Office Building
Washington, DC 20510

The Honorable Chuck Grassley
U.S. Senate
135 Hart Senate Office Building
Washington, DC 20510

Dear Senators Casey and Grassley:

The Alliance for Rural Hospital Access (ARHA) applauds your efforts to improve access to health care in rural communities and strongly endorses the Rural Hospital Support Act (S. 4009). This important legislation would renew and extend the Medicare-dependent Hospital (MDH) program and the Low-Volume Hospital Payment Adjustment, and would also update antiquated Medicare reimbursement formulas for Sole Community Hospitals (SCHs) and MDHs.

Delivering high quality, cost-efficient care to vulnerable populations is a particular challenge for hospitals in rural areas, where communities face unique barriers to health care coverage and access. Patients in rural communities are more likely to face chronic or life-threatening illnesses, and rural hospitals often serve as their primary source of care. However, rural hospitals are increasingly facing negative operating margins, due to lower volumes and the complex care provided. In addition, the COVID-19 pandemic has added new operational challenges. The Rural Hospital Support Act would help alleviate some of these issues.

As you know, hospitals with MDH and SCH status are paid for inpatient services furnished to Medicare beneficiaries using the Inpatient Prospective Payment System rate or a hospital-specific rate—whichever is higher. The hospital-specific rate is derived from hospital costs in one of a specified list of base years, the most recent of which is 2002 for MDHs and 2006 for SCHs. S. 4009 would help modernize this reimbursement methodology by adding 2016, a more recent and contemporary year, as an available base year from which MDHs and SCHs could derive a hospital-specific rate.

Additionally, the Rural Hospital Support Act would provide predictability and consistency to the MDH and low-volume adjustment programs. Congress created these support mechanisms decades ago, but has traditionally reauthorized these programs for limited periods—the current authorization runs through October 1, 2022. S. 4009 would make the MDH program and low-volume adjustment permanent, thereby providing these hospitals with more stable and predictable Medicare reimbursements.

Again, thank you for your leadership and strong support for rural hospitals. The ARHA is pleased to support the Rural Hospital Support Act and we look forward to working with you to achieve its passage.

Sincerely,

Eric Zimmerman