



March 31, 2023

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 support access to health care in rural communities and strongly endorses the Rural Hospital Support Act (S. 1110). This important legislation would renew and extend the Medicare-Dependent Hospital (MDH) program and the Low-Volume Hospital Payment Adjustment, and would also update 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. 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 strained by negative operating margins often due to lower patient volumes and more complex conditions. The Rural Hospital Support Act would better enable rural hospitals to overcome these obstacles.

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. 1110 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 bring more predictability and consistency to the MDH program and the low-volume adjustment. Congress created these support mechanisms decades ago but has traditionally reauthorized these programs for limited periods, and the current authorization runs only through September 30, 2024. S. 1110 would make the MDH program and low-volume adjustment permanent, providing vulnerable hospitals with more predictable Medicare reimbursements and greater financial stability.

Again, thank you for your steadfast leadership on issues of importance to rural hospitals and the communities they serve. The ARHA is pleased to once again endorse the Rural Hospital Support Act, and we look forward to working with you to achieve its passage.

Sincerely,

Eric Zimmerman