



November 17, 2023

The Honorable Carol Miller
U.S. House of Representatives
465 Cannon House Office Building
Washington, DC 20515

The Honorable Terri Sewell
U.S. House of Representatives
1035 Longworth House Office Building
Washington, DC 20515

Dear Representatives Miller and Sewell:

The Alliance for Rural Hospital Access (ARHA) appreciates your support for ensuring access to health care in rural communities and thanks you for introducing the Assistance for Rural Community Hospitals (ARCH) Act (H.R. 6430). This legislation would extend the Medicare-Dependent Hospital (MDH) program and the Low-Volume Hospital Payment Adjustment, and would instruct the US Government Accountability Office (GAO) to provide recommendations on Medicare rural hospital classifications, including projected effects of updating 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. H.R. 6430 would better enable rural hospitals to overcome these obstacles.

The ARCH Act's five-year extension of the MDH program and low-volume adjustment would provide hospitals with a period of financial predictability and consistency. Congress created these support mechanisms decades ago but has traditionally reauthorized these programs for limited periods, with the current authorization running through September 30, 2024. H.R. 6430 would help alleviate some of this uncertainty by providing vulnerable hospitals with more predictable Medicare reimbursements for five years.

Additionally, H.R. 6430 would direct the GAO to report to Congress on rural hospital classifications and provide recommendations for potential simplifications, as well as changes to promote financial stability for rural hospitals and improve access to care in rural communities. Importantly, the bill also directs GAO to report on the projected effects of updating Medicare reimbursement formulas SCHs and MDHs. Hospitals with these statuses 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. This reimbursement methodology is overdue for an update, and the GAO report is a step in the right direction toward adding a more recent and contemporary base year for SCHs and MDHs.

Again, thank you for being leaders on issues of importance to rural hospitals and the communities they serve. The ARHA looks forward to working with you to advance the provisions of H.R. 6430.

Sincerely,

Eric Zimmerman