ALLIANCE FOR RURAL HOSPITAL ACCESS

January 31, 2025

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

The Honorable Peter Welch
U.S. Senate
124 Russell Senate Office Building
Washington, DC 20510

Dear Senators Grassley and Welch—

The Alliance for Rural Hospital Access applauds your efforts to support access to health care in rural communities and strongly endorses the Rural Hospital Support Act (S. 335).

Permanently extending the Medicare-Dependent Hospital (MDH) program and the Low-Volume Hospital Payment Adjustment, as S. 335 would do, is of utmost importance to the financial stability of the rural hospitals that rely upon these payments. Further, S. 335 would also update Medicare reimbursement formulas for Sole Community Hospitals (SCHs) and MDHs, providing for additional financial soundness.

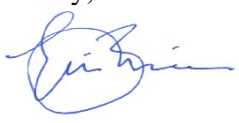
Delivering high-quality, cost-efficient care to vulnerable populations is a particular challenge for hospitals in rural areas, where communities face unique barriers. Patients in rural areas are more likely to face chronic or life-threatening illnesses, and rural hospitals often serve as their primary source of care. However, rural hospitals are increasingly strained by negative operating margins, often due to lower patient volumes and more complex conditions. S. 335 would better enable rural hospitals to overcome these obstacles.

Congress created the MDH program and low-volume adjustment decades ago, but has reauthorized them for only limited periods over the years. Without congressional action, the current authorization expires on March 31, 2025. By making these important support mechanisms *permanent*, financially vulnerable hospitals will no longer face the uncertainty and unpredictability surrounding these Medicare reimbursements, and will therefore be able to more fully deploy Congress' original intent for these programs meant to buttress rural hospitals.

In addition, 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. 335 would modernize this reimbursement methodology by adding a more recent year as an available base year from which MDHs and SCHs could derive their hospital-specific rate.

Thank you for your dedication and leadership on issues of importance to rural hospitals and the communities they serve. The Alliance is pleased to once again endorse the Rural Hospital Support Act, and we look forward to working with you to achieve its enactment.

Sincerely,



Eric Zimmerman