



September 10, 2024

Dan Tsai
Deputy Administrator and Director
Center for Medicaid and CHIP Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Deputy Administrator Tsai,

The National Rural Health Association (NRHA) is writing to urge the Center for Medicaid and CHIP Services (CMCS) to issue federal policy guidance through a State Medicaid Director Letter or Informational Bulletin on how to pay for services provided at Rural Emergency Hospitals (REHs).

NRHA is a non-profit membership organization with more than 21,000 members nationwide that provides leadership on rural health issues. Our membership includes nearly every component of rural America's health care, including rural community hospitals, critical access hospitals, doctors, nurses, and patients. We work to improve rural America's health needs through government advocacy, communications, education, and research.

NRHA has heard from members and REHs across the country regarding concerns over Medicaid reimbursement for REH services. Members are concerned that CMS is interpreting the REH statute to mean that REHs are not "hospitals" and therefore they will be paid by Medicaid at the outpatient hospital and clinic services rate rather than a hospital rate. Medicare pays REHs the Outpatient Prospective Payment (OPPS) rate plus 5% to ensure access to emergency and outpatient services at hospitals amidst a rural hospital closure crisis. The REH-specific payment rate is aligned with that of hospitals in Medicare and must be in Medicaid as well. The clinic services payment rate would be problematic for REHs as they receive a special hospital payment rate from Medicare to help sustain access to care in rural communities.

We urge CMCS to issue guidance to states on how Medicaid can pay REHs at hospital rates.

NRHA's understanding of the Medicaid statute and payment regulations would make the clinic services payment rate the default for REHs based on its provider-type classification. However, given that states have considerable flexibility in how to pay providers, we believe CMCS must clarify for states that they must submit a State Plan Amendment to set payment rates at the Medicare Outpatient Prospective Payment System (OPPS) rate plus 5% to ensure REHs are paid adequately. Without such clarification, hospitals may refrain from converting if their state is paying REHs at the lower clinic services rate due to concerns about financial viability.

NRHA requests an opportunity to meet with CMCS to discuss this issue. Please contact NRHA's Government Affairs and Policy Director Alexa McKinley Abel (amckinley@ruralhealth.us) to coordinate. NRHA appreciates CMCS' efforts to ensure rural Americans have access to affordable coverage and healthcare.

RuralHealth.US

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Sincerely,

A handwritten signature in black ink, appearing to read "Alan Morgan", is written over a light gray dotted grid background.

Alan Morgan
Chief Executive Officer
National Rural Health Association

CC:
Chiquita Brooks-LaSure
Administrator
Centers for Medicare and Medicaid Services