National Rural Health Association

July 25, 2022

The Honorable Chuck Schumer
Majority Leader
United States Senate

The Honorable Mitch McConnell
Minority Leader
United States Senate

The Honorable Nancy Pelosi
Speaker
United States House of Representatives

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives

Dear Leader Schumer, Leader McConnell, Speaker Pelosi, and Leader McCarthy:

The National Rural Health Association (NRHA) urges Congressional action to modify the provider-based Rural Health Clinic (RHC) program payment methodology before the end of the year. Changes made to the program in the Consolidated Appropriations Act (CAA), 2021, have caused unintended consequences for rural providers and jeopardize access to care in rural communities.

NRHA is a national nonprofit membership organization with more than 21,000 members, whose mission is to improve the health and health care of rural Americans and to provide leadership on rural issues through advocacy, communications, education, and research. NRHA's membership is a diverse collection of individuals and organizations that share a common interest in ensuring all rural communities have access to quality, affordable health care.

Through passage of the CAA, 2021, reimbursement for both free-standing and provider-based RHCs changed. Free-standing and provider-based RHCs are reimbursed by enhanced payments known as an all-inclusive rate (AIR) for medically necessary primary care and preventive health services. Historically, the AIR was subject to an upper payment limit for all services, except those provided by provider-based RHCs affiliated with a rural hospital with 50 beds or less. This alternate payment methodology allowed small rural hospitals to provide access to primary care through RHCs at rates that reflected the true cost associated with care, which are historically higher than the AIR due to allocated hospital overhead affiliated with low-volume hospitals such as Critical Access Hospitals.

Section 130 of the CAA increased the AIR RHC upper payment limit to $100 starting on April 1, 2021, increasing each year to $190 in 2028. NRHA supports this much needed update for free-standing RHCs reimbursement. While Section 130 will allow the broader RHC program to have a more viable long-term Medicare reimbursement policy, the change has significant implications and unintended consequences on the provider-based RHC program in small rural hospitals. Any provider-based RHC certified after December 31, 2020, will no longer be allowed to bill at a reimbursement level reflective of the true cost of care. Provider-based RHCs in existence as of December 31, 2020, would be grandfathered-in at their current AIR and would receive their 2020 AIR plus and adjustment for the Medicare Economic Index (MEI) or their actual costs for the year.

Not only does NRHA have concerns about the future of new provider-based RHCs in rural hospitals, but the current MEI methodology for existing provider-based RHCs is problematic. Since annual rural hospital cost increases outpace MEI increases, small rural hospitals that own and operate RHCs will see a continued deterioration of financial performance, jeopardizing the ability to sustain these small, rural safety net clinics to provide care in the long run. For example, the MEI for 2022 is 2.1%, however current

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inflation rate is approximately 8% and the MEI methodology gap is cumulative meaning the discrepancy will be exacerbated year over year.

To address the concerns about the future viability of the provider-based RHC program in small rural hospitals, NRHA recommends Congress implement a quality measure reporting program in exchange for enhanced reimbursement. On average, RHCs have been less involved in quality measure reporting and value-based care initiatives than other Medicare designations. Through adoption of this proposal, Congress will receive data on the RHC program that has been historically unavailable. Additionally, this will keep the provider-based RHC program stable for the creation of additional RHCs affiliated with small rural hospitals to meet future need. To do so, **NRHA recommends Congress passes legislation similar to H.R. 5883, the Rural Health Fairness in Competition Act.**

Thank you for your consideration of this request to improve access to health care in rural communities. NRHA looks forward to continuing working with you to ensure RHCs remain viable for their communities. If you have questions on this request, please contact Josh Jorgensen (jjorgensen@ruralhealth.us).

Sincerely,

Alan Morgan
Chief Executive Officer
National Rural Health Association