National Rural Health Association

December 3, 2024

Senator Chuck Schumer
Senate Majority Leader
322 Hart Senate Office Building
Washington, D.C., 20510

Senator Mitch McConnell
Senate Minority Leader
S-230, The Capitol
Washington, D.C., 20510

Representative Mike Johnson
Speaker of the House
H-232, The Capitol
Washington, D.C., 20515

Representative Hakeem Jeffries
Minority Leader
H-204, The Capitol
Washington, D.C., 20515

Dear Majority Leader Schumer, Minority Leader McConnell, Speaker Johnson, and Minority Leader Jeffries,

As the end of the 118th Congress approaches, the National Rural Health Association (NRHA) looks forward to partnering with lawmakers to address pressing rural health priorities before the end of 2024. Ensuring the continued viability of healthcare services in rural communities is essential for the protection of health in the U.S.

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.

With critical legislative deadlines approaching, NRHA urges Congress to prioritize the following rural health expiring policies.

Preserve Rural Health Medicare Extenders

1. **Extend the Medicare Dependent Hospital Designation and Low-Volume Hospital Payment Adjustment.**

S. 1110 and H.R. 6430 propose extending the vital Medicare Dependent Hospital (MDH) and Low-Volume Hospital (LVH) payment adjustments, set to expire on December 31, 2024. These Medicare reimbursements provide critical financial support to rural hospitals serving high Medicare populations or low patient volumes. Without an extension, these facilities face significant financial vulnerabilities. NRHA recommends a five-year extension to provide long-term stability.

2. **Enhance Ambulance Payment Rates.**

Rural ambulance providers are lifelines for timely emergency care but face financial challenges due to low call volumes and high operational costs. S. 1673 and H.R. 1666, the *Protecting Access to Ground Ambulance Medical Services Act*, address these disparities by proposing extensions of special payment adjustments that otherwise expire at the end of 2024. NRHA advocates for the continuation and enhancement of these critical measures to support rural ambulance services.

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3. Permanently Extend Telehealth Flexibilities.

Telehealth has proven essential for rural populations by improving access to care, reducing travel and costs, and supporting chronic disease management—where prevalence rates are higher in rural areas. NRHA supports S. 3967 and H.R. 7623, the *Telehealth Modernization Act*, which extends current telehealth flexibilities including removing geographic site restrictions, expanding eligible telehealth providers, and extending audio-only telehealth coverage. It also ensures payment for telehealth services on par with in-person visits for Rural Health Clinics (RHCs) and Federally Qualified Health Centers (FQHCs). NRHA urges an extension of these flexibilities for at least two years to provide consistency and clarity for patients and providers. The NRHA policy brief, *Impacts of Telehealth on Rural Health Care Access,* offers targeted recommendations to enhance telehealth access for rural residents and support the sustainability of rural healthcare providers.

Extend Safety Net Programs

4. Support the National Health Service Corps, Community Health Centers, and Teaching Health Center Graduate Medical Education.

Mandatory funding for these key safety net programs will expire after December 31, 2024. The National Health Service Corps (NHSC) program attracts medical, nursing, dental, and behavioral health professionals to rural areas through financial incentives. NRHA supports extending mandatory funding for this program to ensure providers are available where they are most needed, addressing the growing need for healthcare professionals in Health Professional Shortage Areas. Community Health Centers (CHC) anchor healthcare access for rural communities, while the Teaching Health Center Graduate Medical Education (THCGME) program builds a pipeline of providers for underserved areas. NRHA urges Congress to extend funding for these programs, supported by S. 2308 and H.R. 2559, to sustain rural health workforce development and ensure continued services in rural America.

Avoid Harmful Payment Cuts

5. Physician Payment Cuts.

H.R. 10073, the *Medicare Patient Access and Practice Stabilization Act*, seeks to protect rural providers from payment reductions recently finalized by the Centers for Medicare and Medicaid Services (CMS) under the Medicare Physician Fee Schedule. Such cuts jeopardize access to care in rural communities, and NRHA urges Congress to act decisively to prevent them from going into effect.

6. Eliminate Medicaid Disproportionate Share Hospital Payment Cuts.

The Medicaid Disproportionate Share Hospital (DSH) program provides essential financial assistance to hospitals that care for our nation's most vulnerable populations. Proposed Medicaid DSH cuts would severely impact rural hospitals that provide care to a high proportion of Medicaid and uninsured patients. The Medicaid program continues to face challenges, with states navigating the coverage determination process due to the expiration of maintenance of effort provisions related to the public health emergency. While 57% of beneficiaries have had their coverage renewed, millions of eligible individuals may have lost coverage over the past year. The Medicaid DSH payment reductions, scheduled to take effect on January 1, 2025, amount to $8 billion annually

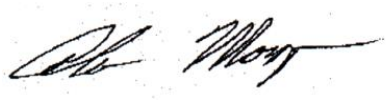
through fiscal year 2027. NRHA asks Congress for relief from the scheduled cuts, preserving this safety net for rural communities.

7. Reject Site Neutral Payment Policies for Rural Hospitals.

Site neutral payment policies aim to standardize Medicare reimbursements across care settings but have placed significant financial pressure on rural hospitals, which typically face lower patient volumes and higher per-patient costs. On November 1, a framework was introduced by Senators Cassidy and Hassan proposing policy options to reform Medicare's hospital site neutral payments. While the framework acknowledges the need to reinvest savings in rural and safety-net hospitals, it does not include specific exemptions for rural facilities. This omission threatens rural off-campus hospital outpatient departments, which are crucial access points in areas where standalone physician practices are increasingly scarce. Data from CMS indicates that rural hospitals' reliance on outpatient services has grown, with outpatient revenue rising from 66% in 2011 to nearly 75% in 2021.[1,2] Medicare revenue constitutes a large share of this income, making full Outpatient Prospective Payment System (OPPS) payments essential for rural hospitals. These payment proposals threaten the financial stability of rural hospitals, with projected losses of $272 million over the next decade.[3] Given that 50% of rural hospitals operate with negative margins,[4] these policies would exacerbate the rural healthcare crisis. The NRHA policy brief, *Rural Hospital Site Neutrality Policies,* offers targeted recommendations to address site neutrality proposals for rural healthcare providers.

NRHA calls on Congress to take action to preserve rural health care access. Your leadership in reauthorizing these programs and opposing detrimental proposals is essential to supporting the health and wellbeing of our nation's rural communities. If you have any questions or would like to discuss these priorities further, please contact Alexa McKinley Abel at amckinley@ruralhealth.us.

Sincerely,



Alan Morgan
Chief Executive Officer
National Rural Health Association

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[1] University of North Carolina The Cecil G. Sheps Center for Health Services Research [UNC]. (n.d.) Medicare Covers a Lower Percentage of Outpatient Costs in Hospitals Located in Rural Areas. https://www.shepscenter.unc.edu/product/medicare-covers-a-lower-percentage-of-outpatient-costs-in-hospitalslocated-in-rural-areas/

[2] Randall, J., Malone, T., Pink, G. (2022). North Carolina Rural Health Research and Policy Analysis Center [UNC]. Trends in Revenue Sources Among Rural Hospitals. https://www.ruralhealthresearch.org/publications/1499.

[3] American Hospital Association. (2024). Analysis: Hospitals and health systems are critical to preserving access to care in rural communities. https://www.aha.org/2024-01-25-analysis-hospitals-and-health-systems-are-criticalpreserving-access-care-rural-communities.

[4] Chartis Center for Rural Health. (2024). Unrelenting Pressure Pushes Rural Safety Net Crisis into Uncharted Territory. Chartis Group. https://www.chartis.com/sites/default/files/documents/chartis_rural_study_pressure_pushes_rural_safety_net_crisis_into_uncharted_territory_feb_15_2024_fnl.pdf