

October 24, 2025

Abe Sutton
Director
Center for Medicare and Medicaid Innovation
Centers for Medicare and Medicaid Services
7500 Security Blvd.
Baltimore, MD 21244

Re: Rural Community Hospital Demonstration Program

Dear Director Sutton,

The National Rural Health Association (NRHA) and Kansas Hospital Association (KHA) write to request continued support for rural hospitals participating in the Rural Community Hospital Demonstration (RCHD) program. This program currently supports 26 rural hospitals across the country by improving Medicare reimbursement.¹

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, long-term care providers, doctors, nurses, and patients. We work to improve rural America's health needs through government advocacy, communications, education, and research.

KHA is a voluntary, non-profit organization existing to be the leading advocate and resource for members. Our membership includes 240 member facilities, of which 124 are full-service, community hospitals. Founded in 1910, KHA's vision is: "Optimal Health for Kansans and Kansas Hospitals."

RCHD tests the feasibility of cost-based reimbursement for small rural hospitals that do not qualify for the Critical Access Hospital designation. Participating hospitals receive cost-based reimbursement for inpatient and swing bed services, helping to create financial stability, support overall operations, and sustain unprofitable services.² In turn, participation in the RCHD has helped rural hospitals remain open to serve rural beneficiaries.

Despite its importance for participating hospitals, RCHD is time limited. Originally created in 2004 as a 5-year program through the Medicare Modernization Act, RCHD has been subsequently extended for additional 5-year periods. The most recent extension, included in the Consolidated Appropriations Act of 2021, mandated another 5-year extension through June 30, 2028.

Hospitals participating in RCHD joined at various times for 5-year periods, many of which have been extended. However, some hospitals' agreements to participate in the RCHD end before the program itself expires in June 2028. Beginning in April 2026, many RCHD participants are set to roll out of the

¹ <https://www.cms.gov/files/document/rch-fact-sheet-2025.pdf>.

² <https://www.cms.gov/files/document/rchd-final-report.pdf>.

program.³ CMS has notified certain hospitals that it will not renew their participation until it is clear that Congress will extend the program's authority beyond 2028.

NRHA and KHA firmly believe that these hospitals should be able to renew their participation in the RCHD up until the program's authority expires in 2028. We do not believe that any language in the authorizing statute would preclude CMS from extending a participating hospital's agreement from the date that it ends (prior to June 30, 2028) through June 30, 2028. This action will provide hospitals with ample time to plan for their transition out of the RCHD if it expires or allow them to remain participants should Congress extend the program again.

Without the RCHD, rural communities served by participating hospitals face the real possibility of losing access to essential health services. Even a temporary lapse in the designation, and the resulting reversion back to prospective payment system (PPS) payments, would threaten hospital stability, leading to service line cuts or closures. It is essential that CMS act to ensure RCHD hospitals remain in the program until 2028.

NRHA and KHA request an opportunity to meet with the appropriate staff at CMS to discuss this issue further. We appreciate the agency's continued attention to the needs of rural communities. To schedule a meeting, please contact NRHA's Government Affairs and Policy Director, Alexa McKinley Abel (amckinley@ruralhealth.us).

Sincerely,



Alan Morgan
Chief Executive Officer
National Rural Health Association



Chad Austin
President and Chief Executive Officer
Kansas Hospital Association

³ <https://www.cms.gov/files/document/rch-fact-sheet-2025.pdf>.