National Rural Health Association

U.S. Department of Commerce
Bureau of Industry and Security
1401 Constitution Avenue, NW
Washington, DC 20230

Re: Docket No. 250924-0160; XRIN 0694-XC134

Dear Under Secretary Kessler,

On behalf of the National Rural Health Association (NRHA), thank you for the opportunity to comment on the U.S. Department of Commerce's Section 232 National Security Investigation of Imports of Personal Protective Equipment, Medical Consumables, and Medical Equipment, Including Devices. Rural health providers are acutely aware of the importance of the medical supplies covered by this investigation, as demonstrated by pandemic-related shortages of critical products such as personal protective equipment (PPE), ventilators and other life-saving medical devices. As the U.S. Department of Commerce evaluates this sector, we urge careful consideration of potential impacts to rural health providers, which are uniquely vulnerable to tariff-related cost pressures.

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.

The Challenging Environment for Rural Health Providers and Tariff Impacts

Despite their essential role, rural hospitals face unique financial and regulatory challenges. Since 2010, more than 190 rural hospitals have closed or stopped providing inpatient care[1] and 432 are currently vulnerable to closure.[2] As of February 2025, 46 percent of rural hospitals have negative operating margins.[3]

Rural facilities are likely to be acutely affected by tariffs and associated supply chain interruptions. Rural hospitals and clinics have limited resources and storage space, which prevents them from stocking up on critical supplies such as IV solutions.[4] Independent rural facilities often collaborate with others when ordering these supplies, but additional barriers such as price hikes and strained supply chains make it harder for them to source efficiently.[5]

[1] Cecil G. Sheps Center for Health Services Research. "Rural Hospital Closures." *University of North Carolina at Chapel Hill*, accessed October 14, 2025. https://www.shepscenter.unc.edu/programs-projects/rural-health/rural-hospital-closures/
[2] Chartis Center for Rural Health. *2025 Rural Health: State of the State*. February 11, 2025.https://www.chartis.com/sites/default/files/documents/CCRH%20WP%20-%202025%20Rural%20health%20state%20of%20the%20state_021125.pdf
[3] *Ibid*
[4] American Hospital Association. America's Hospitals and Health Systems Continue to Face Escalating Operational Costs and Economic Pressures as They Care for Patients and Communities. Published April 2024. https://www.aha.org/system/files/media/file/2024/05/Americas-Hospitals-and-Health-Systems-Continue-to-Face-Escalating-Operational-Costs-and-Economic-Pressures.pdf
[5] Figueiredo M de. Trump's tariffs will hurt rural healthcare centers and medical suppliers, experts warn. The Daily Yonder. Published June 23, 2025. Accessed July 24, 2025. https://dailyyonder.com/trumps-tariffs-will-hurt-rural-healthcare-centers-and-medical-suppliers-experts-warn/2025/06/23/

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Increases to operational costs due to tariffs also may be detrimental to rural health infrastructure across the U.S. From 2021 to 2023, the U.S. economy experienced a 12.4 percent nationwide inflation rate. This rise was two times faster than Medicare reimbursement for hospital inpatient care.[6] Inflation due to tariffs and supply chain difficulties will exacerbate the status of rural hospital vulnerability.

For rural hospitals these changes could have outsized consequences due to smaller purchasing power, tighter margins, and less flexibility to absorb price hikes compared to larger health systems. Rural hospitals, which disproportionately depend on reimbursements from Medicare and Medicaid, experience heightened financial vulnerabilities in the face of increased inflation and operational costs. Since 2022, Medicare and Medicaid underpayments totaled almost $130 billion dollars,[7] with Medicare payments at 82 cents for every dollar spent caring for patients[8] and Medicaid paying less than 58 cents for every dollar in 2023.[9,10]

A recent survey of hospital executives found that hospitals expect a 15 percent increase in operational costs within 6 months of tariff increases, and 90 percent of supply chain professionals anticipated significant disruptions in procurement and contract negotiations. As a result, 90 percent of hospital executives report shifting rising costs to insurers and patients through higher service charges.[11] Further, the increasing cost to provide patient care is projected to decrease hospitals' capacity to retain providers, worsening the health care workforce shortages rural communities face.[12]

Beyond hospitals, other essential rural providers—including emergency medical services (EMS), federally qualified health centers (FQHCs), rural health clinics (RHCs), rural pharmacies, and independent clinics—are also vulnerable to the impact of tariffs. EMS agencies already operate on fragile financial margins and rely on affordable access to vehicle parts, fuel, medications, and protective equipment. Rising costs will further threaten their ability to respond in a timely manner. FQHCs and RHCs, which care for a disproportionate share of low-income and uninsured rural patients, will face budget strain as the prices of vaccines, diagnostic tools, and basic medical supplies increase. Similarly, rural pharmacies may encounter difficulty sourcing affordable pharmaceuticals and testing materials. Together, these pressures compound the challenges faced by rural health care systems, increasing the risk of service reductions and worsening patient access.

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[6] American Hospital Association. America's Hospitals and Health Systems Continue to Face Escalating Operational Costs and Economic Pressures as They Care for Patients and Communities. Published April 2024. https://www.aha.org/system/files/media/file/2024/05/Americas-Hospitals-and-Health-Systems-Continue-to-Face-Escalating-Operational-Costs-and-Economic-Pressures.pdf

[7] *Ibid*

[8] *Ibid*

[9] Martin AB, Hartman M, Washington B, Catlin A; The National Health Expenditure Accounts Team. National health expenditures in 2023: faster growth as insurance coverage and utilization increased. Health Aff (Millwood). 2025;44(1):12-22. doi:10.1377/hlthaff.2024.01375

[10] American Hospital Association. Fact sheet: Medicaid hospital payment basics. Published July 21, 2025. Accessed July 24, 2025. https://www.aha.org/fact-sheets/2025-02-07-fact-sheet-medicaid-hospital-payment-basics

[11] Black Book Market Research. Double-digit tariffs disrupt U.S. healthcare costs and supply chain stability, industry leaders warn in Black Book poll. Accessed July 24, 2025. https://blackbookmarketresearch.newswire.com/news/double-digit-tariffs-disrupt-u-s-healthcare-costs-and-supply-chain-22513308

[12] Figueiredo M de. Trump's tariffs will hurt rural healthcare centers and medical suppliers, experts warn. The Daily Yonder. Published June 23, 2025. Accessed July 24, 2025. https://dailyyonder.com/trumps-tariffs-will-hurt-rural-healthcare-centers-and-medical-suppliers-experts-warn/2025/06/23/

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Coverage Impacts

Outside the health care sector, increased tariffs have real-life implications on the daily lives of individuals, leading to job losses, lower wages, and financial strains that make health care unaffordable. Job losses leave individuals without employer-sponsored health insurance plans or unable to afford individual plans. Additionally, lower wages further burden individuals to pay their cost-sharing, which includes deductibles, copayments, and coinsurance.[13]

Several health insurance companies have raised their 2026 premiums by as much as 3.9 percent, citing the proposed tariffs.[14] Further, these cost containment efforts will impact provider reimbursement rates as the rise in costs leads to health insurance companies negotiating lower reimbursement rates for providers. For rural hospitals, any cuts to reimbursement rates would increase financial vulnerabilities, which contributes to a pattern of rural hospital closures over the past 15 years and severely impact rural patients' access to health care.

Policy recommendations

NRHA recommends the following to address potential financial impacts to rural providers as part of the Section 232 investigations.

- Prioritize medical supplies as part of country-specific trade deals with allied nations to ensure continued access to critical products with zero percent reciprocal rates. Particularly important trading partners include Mexico, the European Union, the Dominican Republic, Vietnam, Malaysia, Thailand, Indonesia, Pakistan, and Kenya.
- Provide separate Inpatient Prospective Payment System payments (similar to IPPS payments for establishing and maintaining access to essential medicines)[15] to help small, rural hospitals under 100 beds secure medical supplies, prescription drugs, and enhanced costs associated with capital expenditures. Explore establishing a similar payment for critical access hospitals if costs aren't adequately captured under cost-based reimbursement.
- Strengthen and mobilize the Department of Health and Human Services' (HHS) strategic national stockpile to be able to respond to pharmaceutical and medical supply shortages due to tariffs or supply chain interruptions with a focus on getting needed supplies to rural areas.
- The Assistant Secretary for Preparedness and Response at HHS should conduct a risk assessment of the supply chains for pharmaceuticals and ingredients, personal protective equipment, basic medical supplies (such as saline, tubing, gloves, and syringes), and medical devices as a result of the proposed tariffs and provide a transparent, timely report to health care stakeholders to ensure they are able to prepare and respond. This report should include a section specific to rural health care providers.

[13] AJMC. How tariffs could impact managed care and the US economy. Published June 5, 2025. Accessed June 18, 2025. https://www.ajmc.com/view/how-tariffs-could-impact-managed-care-and-the-us-economy
[14] KFF. Tariffs are driving 2026 health insurance premiums up. Accessed June 18, 2025. https://www.kff.org/quick-take/tariffs-are-driving-2026-health-insurance-premiums-up/

[15] Centers for Medicare & Medicaid Services. Separate IPPS payment: establishing and maintaining access to essential medicines. https://www.cms.gov/medicare/payment/prospective-payment-systems/acute-inpatient-pps/separate-ipps-payment-establishing-and-maintaining-access-essential-medicines

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Tariffs have the potential to cause significant disruptions to the medical supply chain and ultimately impact rural provider operations and finances, as well as patient health care access. Rural hospitals and other providers may feel outsized impacts from tariffs given their weaker purchasing power, remote locations, and tighter margins. NRHA looks forward to working with you to protect the rural health care system from the unintended consequences of additional tariffs resulting from the Section 232 investigation. For additional information, please contact Alexa McKinley Abel, NRHA's Government Affairs and Policy Director at amckinley@ruralhealth.us.

Sincerely,

Alan Morgan
Chief Executive Officer
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