**Medicare Flexibility Program Talking Points**

Flex play a critical role in helping XXX’s (your state) XX (number of CAHS) Critical Access Hospitals (CAHs) improve their financial status and focus on enhancing their quality of care. Congress created Flex (and SHIP) as a bulwark against the structural challenges small rural hospitals face given their limited administrative capacity and resources. These programs ensure an annual support mechanism to support rural hospitals at a time when the risk of closure and financial stress is an ongoing problem.

The Flex program has a proven track record of **improving the financial stability of small rural hospitals and participation in value-based efforts.**

* As a result of targeted technical assistance to support CAH financial stability, the proportion of rural hospitals at high or mid-high risk of financial distress has decreased from more than 20% in 2019, to 17.8% in 2023.
* The percentage of CAHs participating in Accountable Care Organizations (ACOs) increased from 30% in 2021 to 40% in 2025.

Flex funding builds capacity for CAHs to participate in the Medicare Beneficiary Quality Improvement Project (MBQIP) measures by supporting essential **investments in data infrastructure and reporting capabilities.**

* Facilitating data transparency, benchmarking, and peer learning—leading to CAHs outperforming national peers on patient experience and quality measures.

The Flex funding provides infrastructure support that allows small rural hospitals to strengthen financial and operational performance, and invest in **activities that improve access to high quality care in rural areas**. Example investments support:

* Medicare cost reports analysis to identify ways to enhance their reimbursement and receive the appropriate level of payment for the services they provide.
* Updates to the hospital’s Chargemaster, which identifies the appropriate market value for services and makes sure hospitals set prices that reflect their competitive market.
* Helping hospitals complete meaningful Community Health Needs Assessments
* Participation in the Rural Health Clinic (RHC) Compliance Cohort and mock survey support in preparation for RHC recertification.
* Support critical Emergency Medical Services (EMS) provider training, agency sustainability, and quality improvement efforts.

The Flex program supports **education and training** to invest in clinical staff and caregivers which rural hospitals don’t have funding to otherwise provide. These efforts, in turn, raise the level of care provided at independent rural hospitals. Training activities include: on-site obstetric simulation training in order to maintain local access to care; crisis prevention training to protect rural healthcare workers; and training for billing staff in coding and billing to ensure the hospitals can bill efficiently for their services, increasing cash flow and improving their financial status.

**SHIP Program Talking Points**

The Small Rural Hospital Improvement Program (SHIP) services small rural hospitals who often lack the administrative infrastructure of urban counterparts, making external resources essential. SHIP investments support:

* Enable rural hospitals to upgrade HIT and telehealth systems
* Funding to offset hardware and software billing updates
* Participation in CMS-aligned quality reporting, and adopting value-based care models
* Advance national priorities like price transparency, cybersecurity, and data-driven care
* Training for developing custom reports for participation in Medicaid Accountable Care Organizations (ACO)
* Purchase tools for data mining in the hospital EHR in order to build quality dashboards and reports for quality programs
* Participate in the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS), which are used to give a rural hospital a star rating, in turn allowing rural residents to make informed choices about their care

**Rural Hospital Status and Impact**

If Flex and SHIP are not supported rural hospitals will be more at risk of closure:

* Loss of funding for financial analysis would result in hundreds of rural hospitals falling behind on their billing practices and lose the ability to continuously analyze and update their revenue cycle management.
* Rural hospitals will face significant hurdles in quality data collection and reporting, disqualifying them from key payment models and driving a widening gap between rural and urban systems.
* The quality improvement efforts play a key role in supporting the ability of rural hospitals to take part in value-based care models, which already lags behind urban hospitals. The loss of this funding will exacerbate that participation gap.
* When quality challenges emerge for rural hospitals, it helps reinforce the bypass factor, where patients with private insurance drive past their local hospital for care, leaving only patients with Medicare, Medicaid or uninsured, leading to further hardship.

Nationally, nearly 46% of rural hospitals operate with negative profit margins. Since 2010, nearly 190 rural hospitals have closed or ceased inpatient services.

* In XXX (your state) XX rural hospitals are operating with a negative profit margin[[1]](#footnote-1).

When a rural hospital closes, not only does the community lose access to vital health care, but a major employer and community lynchpin ends, affecting the larger community. Investing in a strong rural health infrastructure is critical to the future of rural areas.

Bottom line, Flex and SHIP are important maintenance programs that rural hospitals count on each year to provide the resources that help rural hospitals to keep their doors open and ensure a focus on providing high quality care.

1. <https://www.ruralhealth.us/advocacy/state-rural-health-advocacy/rural-health-data> [↑](#footnote-ref-1)