National Rural Health Association

Statement for the Record

National Rural Health Association
to the
United States Senate Finance Committee

December 1, 2025

RE: Statement for the Record on Hearing on: *The Rising Cost of Health Care: Considering Meaningful Solutions for All Americans*

Submitted via email: Statementsfortherecord@finance.senate.gov

Dear Chairman Crapo and Ranking Member Wyden and members of the U.S. Senate Committee on Finance,

The National Rural Health Association (NRHA) is pleased to submit a statement to the Senate Finance Committee on *The Rising Cost of Health Care: Considering Meaningful Solutions for All Americans*. We appreciate the Senate Finance Committee's continued commitment to the needs of the more than 60 million Americans that reside in rural areas. NRHA submits this statement to share the Committee's commitment to addressing rising health care costs and ensuring that every American, regardless of geography, can access affordable, high-quality care.

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.

The Role of ePTCs in rural areas.

The Finance Committee's hearing highlighted two simultaneous crises developing in real time: an immediate affordability cliff caused by the expiration of the enhanced premium tax credits (ePTCs) and underlying structural cost drivers that disproportionately burden rural communities, including consolidation, workforce shortages, unfunded mandates, and eroding Medicare and Medicaid reimbursement. Without congressional action, rural families will face steep premium increases, rural hospitals will absorb significant revenue losses and rural mental health systems will face further destabilization.

Rural Hospital Closures

Rural hospitals operate with margins often between one and three percent, leaving little capacity to absorb financial shocks.[i] Almost 20% of people enrolled in Marketplace coverage reside in rural areas and rural residents disproportionately benefit from ePTCs.[ii] This means that coverage losses associated with the potential ePTC expiration will hit rural hospitals especially hard. Rural hospital revenue would decline by approximately $16 billion in a single year if ePTCs expire, with losses concentrated in areas already at high risk of facility closure.[ii] These losses would represent 1% of a rural hospital's operating revenue.[ii] Most rural hospitals are operating with negative margins and those with positive operating margins have a median of 1.0%.[i] These reductions will lead to increases in uncompensated care, cuts to essential services and an elevated risk of hospital closure, further weakening emergency care and the broader rural safety net of providers.

Coverage Losses

As noted above, almost one-fifth of Marketplace enrollees live in a rural area.[ii] Rural residents would experience the most severe premium increases in the nation if ePTCs expire, most notably unseen increases in their premiums, with out-of-pocket premiums predicted to increase on average by 107 percent for rural county residents compared to 89 percent for urban county residents, and lower employer sponsored coverage rates in rural areas.[iii]

Nearly one in five Marketplace enrollees in farm country relies on ePTCs. Rural counties especially across the Midwest, Great Plains and Mountain West would experience significant coverage losses if subsidies lapse.[iv] In many rural regions, Marketplace plans serve as the predominant source of affordable coverage for self-employed workers, small business employees and agricultural communities. Loss of subsidies will therefore translate directly into coverage losses for rural families and surges in uncompensated care for rural providers. Rural states such as Mississippi, Louisiana, Tennessee, South Carolina, Georgia and Texas would experience the largest spikes in uninsured populations with an estimated 4.8 million Americans projected to lose coverage in 2026.[v] These coverage losses would fall heavily on rural children, older adults and veterans including the more than 220,000 rural children and 775,000 rural adults nearing retirement age who rely on subsidized Marketplace coverage.[vi] Nearly half of all Marketplace enrollees are small business owners, employees of small firms or self-employed individuals; all groups that anchor rural economies and rely disproportionately on marketplace affordability.[vii]

Rural residents have fewer employer-sponsored insurance options, higher rates of chronic illness and limited provider networks. When premiums spike and coverage lapses, these families often have no alternative source of care. Loss of coverage in rural areas directly increases medical debt, delays in treatment and preventable emergency department visits. It also drives substantial increase in uncompensated care, projected to rise by $79 billion nationally over the next decade, which forces rural hospitals who already face rising labor costs and low patient volumes, to cut services, reduce hours or close entirely.[viii] These closures cascade into broader community impacts, including loss of local jobs, reduced tax revenue, weakened emergency response capacity and worsening behavioral health crises as residents must travel farther for care.

Mental Health Care Access

The loss of ePTCs would also produce substantial harm to rural mental health access. Premium tax credits are crucial for rural America's mental health care because Marketplace plans serve as a primary payer for outpatient counseling, behavioral health therapy, substance use disorder treatment and telemental health services in areas where shortages of clinicians are the norm.[ix] More than sixty percent of rural counties lack a practicing psychiatrist and many have no psychologist or licensed clinical social worker.[x] In this context, affordability barriers created by the expiration of the ePTCs would further reduce access to care, drive increases in untreated mental health and substance use condition and place additional strain on rural emergency departments already overloaded with behavioral crises.

Taken together, the expiration of the ePTCs represents one of the most immediate and preventable threats to rural health care affordability in more than a decade. National analyses show that 93 percent of Marketplace enrollees rely on the tax credits to afford coverage and premiums are projected to more than double, rising 114 percent on average if Congress does not act.[xi]

For these reasons, an extension of the ePTCs is not simply a matter of preserving insurance subsidies; it is

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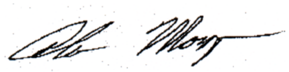
a critical step Congress can take to prevent acceleration of rural hospital closures, protect access to care and preserve the economic and social stability of rural communities.

NRHA thanks the Committee for the opportunity to weigh in on concerns for rising healthcare costs, especially in rural areas. For further information on this topic, please reference NRHA's **policy brief**, *Role of enhanced premium tax credits in rural America.* If you have any questions or would like to discuss our response further, please contact NRHA's Government Affairs and Policy Director, Alexa McKinley Abel at amckinley@ruralhealth.us.

Sincerely,



Alan Morgan
Chief Executive Officer
National Rural Health Association

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[i] https://www.chartis.com/sites/default/files/documents/CCRH%20WP%20-%202025%20Rural%20health%20state%20of%20the%20state_021125.pdf

[ii] https://www.commonwealthfund.org/blog/2025/without-renewal-enhanced-premium-tax-credits-rural-hospital-revenues-will-drop-16-billion

[iii] https://tcf.org/content/commentary/rural-americans-face-unprecedented-price-hikes-for-health-care/

[iv] https://www.rwjf.org/en/insights/our-research/2024/05/marketplace-pulse-health-insurance-coverage-in-farm-country.html

[v] https://www.urban.org/research/publication/48-million-people-will-lose-coverage-2026-if-enhanced-premium-tax-credits?utm_source=urban_social&utm_medium=twitter&utm_campaign=ptc_2026_expiration&utm_term=pipeline_requests&utm_content=health_and_health_care

[vi] https://tcf.org/content/commentary/rural-americans-face-unprecedented-price-hikes-for-health-care/

[vii] https://www.kff.org/affordable-care-act/state-indicator/marketplace-plan-selections-by-financial-assistance-status-2/?activeTab=graph&currentTimeframe=0&startTimeframe=5&selectedDistributions=consumers-receiving-advanced-premium-tax-credits-aptc&selectedRows=%7B%22wrapups%22:%7B%22united-states%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

[viii] https://www.urban.org/research/publication/48-million-people-will-lose-coverage-2026-if-enhanced-premium-tax-credits?utm_source=urban_social&utm_medium=twitter&utm_campaign=ptc_2026_expiration&utm_term=pipeline_requests&utm_content=health_and_health_care

[ix] https://www.ruralminds.org/the-aca-premium-tax-credits-are-crucial-for-rural-americas-mental-health-care

[x] https://bipartisanpolicy.org/report/behavioral-health-rural-integration/#:~:text=Americans%20in%20rural%20areas%20face,for%20much%20of%20their%20care.

[xi] https://www.kff.org/affordable-care-act/state-indicator/marketplace-plan-selections-by-financial-assistance-status-2/?activeTab=graph&currentTimeframe=0&startTimeframe=5&selectedDistributions=consumers-receiving-advanced-premium-tax-credits-aptc&selectedRows=%7B%22wrapups%22:%7B%22united-states%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D