

June 16, 2025

The Honorable John Thune
Majority Leader
U.S. Senate
Washington, D.C. 20515

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
Washington, D.C. 20515

The Honorable Mike Crapo
Chairman
Committee on Finance
U.S. Senate
Washington, D.C. 20515

The Honorable Ron Wyden
Ranking Member
Committee on Finance
U.S. Senate
Washington, D.C. 20515

Dear Majority Leader Thune, Minority Leader Schumer, Chairman Crapo, and Ranking Member Wyden,

Following the passage of the House reconciliation bill, the undersigned organizations write with grave concerns over certain provisions regarding the Medicaid program. **We urge the Senate against cuts to the Medicaid program.**

Medicaid is essential to rural hospitals, clinics, providers, and patients. Since 2010, 193 rural hospitals have shut their doors or stopped inpatient services.¹ Right now, almost half of all rural hospitals across the country have negative operating margins.² Since rural hospitals disproportionately depend on reimbursement from public payers, including Medicaid, Medicare, and the Marketplaces, **any reductions to coverage would force many facilities to reduce or eliminate essential services, delay much-needed facility upgrades, or close their doors entirely.** 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 economic health of the larger community.

In almost all states rural areas have higher rates of Medicaid enrollment than metropolitan areas.³ Medicaid cuts would force families to face higher out-of-pocket expenses, leading many to delay or forgo necessary treatments. This burden would worsen health outcomes, especially for those managing chronic conditions like diabetes, heart disease, and cancer.

A freeze on state provider taxes will disproportionately impact rural populations. As of 2018, provider taxes accounted for about 17% of states' share of the cost of Medicaid.⁴ The proposed bill freezes at current rates states' provider taxes in effect as of the date of enactment of this legislation and prohibits states from establishing new provider taxes. Limiting future increases or use of provider taxes will strain state Medicaid budgets, forcing states to reduce coverage, eliminate optional benefits, or reduce provider payments. These changes to state Medicaid programs would mean less access to care for rural enrollees. Loss of coverage for rural constituents will increase rates

¹ Rural Hospital Closures, N.C. Rural Health Research Center, Cecil G. Sheps Center for Health Services Research, University of North Carolina at Chapel Hill <https://www.shepscenter.unc.edu/programs-projects/rural-health/rural-hospital-closures/>.

² Michael Topchik, et al., *2025 rural health state of the state*, Chartis Center for Rural Health (2025), 4, https://www.chartis.com/sites/default/files/documents/CCRH%20WP%20-%202025%20Rural%20health%20state%20of%20the%20state_021125.pdf.

³ Medicaid's role in small towns and rural areas. Center For Children and Families. January 15, 2025. <https://ccf.georgetown.edu/2025/01/15/medicaids-role-in-small-towns-and-rural-areas/>.

⁴ "CMS Needs More Information on States' Financing and Payment Arrangements to Improve Oversight." U.S. Government Accountability Office, December, 2020. <https://www.gao.gov/products/gao-21-98>.

of uninsurance and uncompensated care, leaving rural populations vulnerable and rural providers at financial risk.

A freeze on state-directed payments will threaten the financial sustainability of rural providers and enrollee access. Current regulations allow states to make direct payments to managed care organizations (MCOs) to make up for otherwise low reimbursement rates to providers. Limitations on state directed payments threaten rural providers, who rely on these funds to sustain key services. Providers currently participating in Medicaid may begin to drop out due to lower reimbursement from Medicaid MCOs, ultimately decreasing access to care, particularly for rural Medicaid enrollees.

Establishing a minimum work requirement for certain adults enrolled in Medicaid as a condition of coverage will burden rural enrollees. As the system currently stands, Medicaid work requirements can cause adverse effects on rural providers and residents. Rural Americans are more likely to be low-wage workers, more likely to be unemployed, and have fewer job options than urban Americans, making rural Medicaid enrollees more susceptible to losing coverage under work requirement policies. Medicaid work requirements can weaken rural hospitals' financial positions and may contribute to further rural hospital closures and poorer rural health outcomes.⁵ Inflexible work requirements add significant administrative burdens that rural residents may struggle to meet, risking coverage loss due to paperwork issues rather than true ineligibility.

Additional coverage changes will lead to rural Medicaid enrollees improperly losing coverage. Under current law, states are required to provide Medicaid coverage for qualified medical expenses incurred up to 90 days prior to the date of application for coverage.⁶ Limiting Medicaid coverage for qualified medical expenses to one month prior to the application for coverage process will limit rural residents' access to healthcare, increase their risk of medical debt, and create more uncompensated care burden for rural hospitals and providers.

Relatedly, increasing Medicaid eligibility redeterminations from 12 months to 6 months for expansion population adults will cause many rural enrollees to lose their coverage. Medicaid and CHIP enrollment declines have been associated with an individual's inability to maintain frequent renewal processes and periodic eligibility checks.⁷ If the redetermination period is reduced to six months, it would disproportionately affect individuals who lack broadband access to the internet and lead to burdensome paperwork. Additionally, periodically reviewing eligibility determinations for individuals will cause fluctuations and increase Medicaid "churn," the temporary loss of coverage in which enrollees disenroll and then re-enroll within a short period of time.⁸

Changes to the ACA Marketplaces will increase premiums and make it more difficult for rural Americans to enroll in and keep coverage. Rural residents, like farmers and ranchers, are more likely to be self-employed and reliant on small business and individual plans for coverage. Farm

⁵ "How Medicaid Work Requirements Will Harm Rural Residents – And Communities." Center on Budget & Policy Priorities, March, 2020. <https://www.cbpp.org/sites/default/files/atoms/files/8-22-18health.pdf>.

⁶ Artiga, S., & Pham, O. (2019, 24 September). *Recent Medicaid/CHIP Enrollment Declines and Barriers to Maintaining Coverage*. KFF. <https://www.kff.org/medicaid/issue-brief/recent-medicaid-chip-enrollment-declines-and-barriers-to-maintaining-coverage/#:~:text=As%20previously%20noted%2C%20Texas%20conducts,children%20are%20enrolled%20in%20Medicaid.&text=If%20it%20finds%20a%20change,nearl>

⁷ Corallo, B., Garfield, R., Tolbert, J., & Rudowitz, R. (2021, 14 December). Medicaid Enrollment Churn and Implications for Continuous Coverage Policies. <https://www.kff.org/medicaid/issue-brief/medicaid-enrollment-churn-and-implications-for-continuous-coverage-policies/>.

⁸ Corallo, B., Garfield, R., Tolbert, J., & Rudowitz, R. (2021, 14 December). Medicaid Enrollment Churn and Implications for Continuous Coverage Policies. <https://www.kff.org/medicaid/issue-brief/medicaid-enrollment-churn-and-implications-for-continuous-coverage-policies/>.

states have seen meaningful reductions in their uninsurance rates since 2014, with an average decline of about 25%.⁹ The changes proposed in the reconciliation bill, coupled with the failure to extend the enhanced premium tax credits, will mean millions of individuals living in rural areas lose much needed coverage.

Maintaining public payers supports strong rural health infrastructure that is critical to the future of rural areas. Thank you for your work on behalf of rural Americans. If you or your staff members have questions or would like additional information, please feel free to contact NRHA's Government Affairs and Policy Director, Alexa McKinley Abel, at amckinley@ruralhealth.us.

Sincerely,

Florida Rural Health Association
Hawaii State Rural Health Association
Maryland Rural Health Association
Minnesota Rural Health Association
Missouri Rural Health Association
National Association of Rural Health Clinics
National Organization of State Offices of Rural Health
National Rural Health Association
New England Rural Health Association
Ohio Rural Health Association
Pennsylvania Rural Health Association
Virginia Rural Health Association
West Virginia Rural Health Association

CC: Senator Rick Scott, Senator Ashley Moody, Senator Brian Schatz, Senator Maizie Hirono, Senator Chris Van Hollen, Senator Angela Alsobrooks, Senator Amy Klobuchar, Senator Tina Smith, Senator Josh Hawley, Senator Eric Schmitt, Senator Chris Murphy, Senator Richard Blumenthal, Senator Elizabeth Warren, Senator Ed Markey, Senator Susan Collins, Senator Angus King, Senator Maggie Hassan, Senator Jeanne Shaheen, Senator Jack Reed, Senator Sheldon Whitehouse, Senator Bernie Sanders, Senator Peter Welch, Senator Jon Husted, Senator Bernie Moreno, Senator John Fetterman, Senator Dave McCormick, Senator Tim Kaine, Senator Mark Warner, Senator Shelley Moore Capito, Senator Jim Justice

⁹ Hempstead, K., (2024, 1 May). Health Insurance Coverage in Farm Country. <https://www.rwjf.org/en/insights/our-research/2024/05/marketplace-pulse-health-insurance-coverage-in-farm-country.html#:~:text=Farm%20states%20have%20seen%20meaningful,are%20not%20renewed%20for%202026>.