



December 15, 2022

Michael E. Chernew, Ph.D.
Chair
Medicare Payment Advisory Committee
425 I Street N.W., Suite 701
Washington, D.C. 20001

Dear Chairman Chernew,

The National Rural Health Association (NRHA) supports the draft recommendations for Medicare payment updates in 2024 discussed at MedPAC's December 8 – 9, 2022 meeting. We support the draft recommendations to increase payment for hospitals paid under the Inpatient and Outpatient Prospective Payment Systems (IPPS and OPSS), safety net hospitals, and providers under the Physician Fee Schedule.

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.

Payment updates finalized for 2023 under IPPS and OPSS were inadequate – especially for rural hospitals – in the face of rising health care costs, continued labor and supply cost pressures, and the overall inflationary environment that the country is facing. NRHA noted its [concern in its comments on both the proposed IPPS and OPSS proposed rules](#).

NRHA is pleased to see that MedPAC discussed draft recommendations to Congress that would increase Medicare payments for OPSS, IPPS, and safety net hospitals. NRHA is supportive of the additional 1% increase over the current law amount for IPPS and OPSS hospitals and the proposal to increase safety net hospital payments by \$2 billion. NRHA also supports the draft recommendations to update the 2023 Medicare base payment rate to physicians under the Physician Fee Schedule by 50% of the projected Medicare Economic Index and to enact a non-budget neutral add-on payment for services provided to low-income Medicare beneficiaries. **NRHA encourages the Commission to adopt these recommendations and include them in the Commission's March 2023 Report to Congress.**

When implementing proposals related to safety net hospitals, the Commission should also recommend Congress fix a significant inequity in the Medicare statute related to sole community hospitals (SCHs) and Medicare-dependent hospitals (MDHs). While these hospitals face the same, if not a more significant, burden treating uninsured patients as other IPPS hospitals, they are not eligible to receive disproportionate share (DSH) and uncompensated care payments (UCP). These payments should be an add-on to SCH and MDH DRG rates as they are for other IPPS hospitals. Now is the time to fix this inequity. **NRHA encourages the Commission to recommend that Congress fix the omission of DSH and UCP payments from the total payment calculation for SCHs and MDHs. These hospitals should be fully eligible for safety net hospital payments if they meet the established criteria.**



Robust payment updates such as these would be invaluable to rural hospitals. Since 2010, 140 rural hospitals have closed with 58 being prospective payment system (PPS) hospitals. Financial strains that already existed have been exacerbated by the COVID-19 pandemic. COVID-19 relief funds have allowed rural hospitals to keep their doors open during a difficult time, but they are running out, signaling that the rural hospital closure crisis could pick up again. So far four hospitals have closed in 2022. Hospital closures in rural communities decrease access to care for patients and destabilize local economies. Medicare payment reform could help mitigate this looming crisis.

In the face of immense financial challenges, rural hospitals need payment reform that will help them remain open as needed points of access to care in their communities. NRHA supports MedPAC's draft recommendations to increase payment to PPS hospitals and providers paid under the Physician Fee Schedule. **However, NRHA encourages MedPAC to carefully consider the unique needs and challenges associated with providing care in rural areas when drafting payment recommendations for other provider types, particularly skilled nursing facilities.** Loss of rural skilled nursing facilities services is a growing concern. Between 2008 and 2018, 472 nursing homes in 400 nonmetropolitan counties closed in the U.S., further exacerbating the number of counties with nursing home deserts ([Sharma et al., 2021](#)). Further, NRHA requests MedPAC closely monitor the impact of changes a 0.3 percent decrease in payments in 2021 and 2022 due to the phasing out of the rural add-on payments for home health care in the BBA of 2018.

NRHA thanks MedPAC for its work to ensure rural hospital stability. We urge MedPAC to vote to include the draft recommendations in its next Report to Congress. If you have any questions, please contact NRHA's Government Affairs and Policy Coordinator, Alexa McKinley (amckinley@ruralhealth.us).

Sincerely,

A handwritten signature in black ink, appearing to read "Alan Morgan", is written over a light gray dotted grid background.

Alan Morgan
Chief Executive Officer
National Rural Health Association