National Rural Health Association

October 2, 2025

The Honorable John Thune
Majority Leader
U.S. Senate

The Honorable Mike Johnson
Speaker
U.S. House of Representatives

The Honorable Chuck Schumer
Minority Leader
U.S. Senate

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives

Dear Majority Leader Thune, Minority Leader Schumer, Speaker Johnson, and Minority Leader Jeffries,

Rising costs, regulatory burden, and payment cuts have pushed hundreds of rural hospitals to the brink of closure, leaving patients with fewer options for care and threatening local economies. The National Rural Health Association (NRHA) urges Congress to enact sustainable, long-term policy change to support rural hospitals and communities.

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.

Rural hospitals need pragmatic, bipartisan solutions that stabilize today's finances while modernizing rural health care for tomorrow. The package of rural hospital bills outlined below provides this solution. These bills address immediate payment stability with care model updates that keep emergency and outpatient access close to home, tackle the workforce crisis by more accurately funding rural residency programs, protect rural patient choice and affordability, and deliver hands-on technical assistance to struggling rural providers. These are practical fixes that Congress can advance now to prevent additional hospital closures and protect care where it is needed most.

Ensure Financial Stability for Rural Hospitals

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] The following bills target these challenges with an aim towards keeping rural hospital doors open and safeguarding essential services in rural communities.

H.R. 3684 Save America's Rural Hospitals Act – *Reps. Sam Graves (R-MO) and Nikki Budzinski (D-IL).* NRHA's marker bill of proposals to strengthen rural hospitals. It addresses rural hospital finances across multiple fronts by: 1) eliminating the 2% Medicare sequestration cut for rural hospitals and CAHs, 2) reduces Medicare bad debt reimbursement cuts from 30% to 15%, 3) extends disproportionate share (DSH) payments to Sole Community Hospitals (SCHs) and Medicare-

[1] https://www.shepscenter.unc.edu/programs-projects/rural-health/rural-hospital-closures/
[2] https://www.chartis.com/sites/default/files/documents/CCRH%20WP%20-%202025%20Rural%20health%20state%20of%20the%20state_021125.pdf

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Dependent Hospitals (MDHs), and 4) updates base years for MDHs and SCHs to FY 2024. It also provides administrative relief to CAHs by eliminating the 96-hour average length of stay and 96-hour physician certification requirement and facilitates access to care for rural beneficiaries by removing the 3-day stay requirement before admission to post-acute care.

S.335 Rural Hospital Support Act – *Sens. Chuck Grassley (R-IA) and Peter Welch (D-VT).* S. 335 permanently extends the MDH program and Low Volume Hospital (LVH) payment adjustment as well as rebases payment formulas for SCHs and MDHs to 2016 cost levels, effective FY 2026. The MDH adjustment supports hospitals with a high Medicare patient mix, and LVH adjustment provides extra payments to small hospitals with limited discharges but essential community roles. By eliminating the cycle of temporary extensions, S. 335 provides long-term financial stability and predictability of rural hospitals. Similarly, ***H.R. 1805 Assistance for Rural Community Hospitals Act (ARCH) Act*** – *Reps. Carol Miller (R-WV) and Terri Sewell (D-AL).* extends MDH and LVH programs through 2031, giving small rural hospitals with high Medicare mix or limited patient volume the financial stability they need to keep their doors open.

S. 502 Rural Hospital Closure Relief Act – *Sens. Dick Durbin (D-IL) and Lankford (R-OK).* This legislation restores the "necessary provider" status that previously allowed states to waive the 35-mile requirement when designates hospitals as CAHs. Under this bill, certain struggling rural facilities like SCHs, MDHs, LVHs, and small rural subsection (d) hospitals can be certified as CAHs based on community need, rather than strict mileage requirements. To qualify, hospitals must have two consecutive years of negative operating margins, commit to a multi-year solvency plan, and agree to open or expand an essential service line like obstetrics or behavioral health. The authority is capped at 120 facilities nationwide (no more than 5 per state) and sunsets after 9 years, with a required transition to another payment model.

Rural Health Care Reforms

Rural healthcare has always done more with less, making rural areas a laboratory for innovative reforms. Updating and improving new models of delivery is needed to ensure rural patients can receive high quality care close to home.

S. 2709/H.R. 5081 Telehealth Modernization Act *Sens. Tim Scott (R-SC), Brian Schatz (D-HI); Reps. Buddy Carter (R-GA) and Debbie Dingle (D-MI).* This bill ensures access to telehealth services for Medicare beneficiaries by extending Rural Health Clinic (RHC) and Federally Qualified Health Center (FQHC) distant site status and implementing payment parity through FY 2027. This legislation would also continue audio-only telehealth, remove originating site restrictions, expand practitioners eligible to furnish telehealth, and delay in-person requirements for mental health visits through FY 2027.

S. 1535 The Rural Patient Monitoring Access Act – *Sens. Marsha Blackburn (R-TN) and Mark Warner (D-VA).* S. 1535 creates a national payment floor for remote physiologic monitoring (RPM) services and establishes standards to ensure quality and integration into electronic health records. For rural seniors with chronic conditions, RPM can reduce avoidable hospitalizations and allow patients to stay healthier at home, but only if reimbursement is adequate and consistent nationwide.

Rural Emergency Hospital Designation Improvement Act – Awaiting reintroduction in the 119th Congress, this bill provides further refinements to the Rural Emergency Hospitals (REHs) designation to include provision of swing bed services, ensuring patients can receive post-acute care without leaving their communities. It creates a waiver pathway so facilities operating like REHs but excluded

by statue can participate. Strengthening hospital finances, this bill provides a 5% add-on payment for lab services and clarifies that Medicaid agencies should pay REHs as hospitals rather than clinics. It expands support by allowing REHs to access SHIP grants and qualify as National Health Service Corps sites, helping sustain workforce and essential services in rural areas.

Equip Rural Hospitals with the Essential Healthcare Workforce

One of the most urgent challenges facing rural health care is the workforce shortage. Nearly two-thirds of health professional shortage areas are rural. Training physicians in rural areas is one of the most effective solutions. Residents who train in rural programs are 4.5 times more likely to practice in rural communities long-term.[3] Congress must support policies that expand rural graduate medical education (GME) opportunities and incentivize clinicians to practice where the need is greatest.

H.R. 1153 Rural Physician Workforce Production Act, *Reps. Diana Harshbarger (R-TN) and Kim Schrier (D-WA).* This bill reforms rural GME financing so that rural hospitals can sustainably host residency programs. It creates an "elective rural sustainability per resident" payment which ensures hospitals receive a nationally set, inflation-updated payment for each resident who trains in a rural setting. It clarified that residents training in rural tracks will not count against GME caps, preventing rural training programs from being penalized under existing limits. Importantly, CAHs and SCHs are explicitly integrated into these funding streams, correcting prior exclusions. With rural areas facing the majority of primary care shortages, this bill provides lasting funding for new, expanding, and existing rural training programs, directly addressing the workforce crisis in rural America.

Empower Patient Affordability and Choice

For rural patients, healthcare access is about more than geography, it is also about affordability and timeliness. Medicare Advantage (MA) plans' prior authorization practices create costly delays and administrative strain for small hospitals with limited staff. At the same time, the looming expiration of Marketplace enhanced premium tax credits (ePTCs) would spike premiums for thousands of rural families, where coverage options are already scarce and costly. Congress must act to ensure patients have both coverage and choice in care access.

S. 2879/H.R. 5454 Medicare Advantage Prompt Pay Act *– Sens. Catherine Cortez Masto (D-NV) and Marsha Blackburn (R-TN); Reps. Jodey Arrington (R-TX) and Sanchez (D-CA).* This bill would establish strict prompt payment standards for MA plans, mirroring requirements in traditional Medicare. The bill mandates that MA plans pay at least 95 percent of clean claims within 14 days if submitted electronically and 30 days if submitted otherwise, regardless of whether the provider is in- or out-of-network. It establishes a clear definition of "clean claims," creates a rebuttable presumption for the date of receipt to prevent stalling, and requires interest payments on late claims. Beginning in 2027, MA plans must also report publicly on their payment compliance, including timeliness and the amount of interest paid.

S. 1816/H.R. 3514 Improving Seniors' Timely Access to Act *– Sens. Roger Marshall (R-KS) and Mark Warner (D-VA); Reps. Mike Kelly (R-PA) and Suzan DelBene (D-WA).* This legislation improves the use of prior authorization by MA plans to reduce delays and increase transparency. Plans would be required to implement a secure electronic prior authorization system that allows providers to submit

[3] Ogden, Jessica, Scott Preston, Riitta L. Partanen, Remo Ositini, and Peter Coxeter. "Recruiting and retaining general practitioners in rural practice: systematic review and meta-analysis of rural pipeline effects." Medical Journal of Australia 213, no. 5 (2020): 228- 236. doi: 10.5694/mja2.50697.

requests and documentation electronically and receive responses in real time for routinely approved items and services. MA plans would also be required meet new transparency standards, including public reporting on approval and denial rates, appeals, use of AI in decision-making, and average response times. Passing this bill would improve care for rural patients and remove burdens on rural providers.

S. 46/H.R. 247 Health Care Affordability Act *– Sen. Jeanne Shaheen (D-NH); Rep. Lauren Underwood (D-IL).* The Health Care Affordability Act makes permanent the ePTCs first enacted under the American Rescue Plan. Almost 80% of rural residents are enrolled in a zero-premium plan via the Marketplace as a result of ePTCs, guaranteeing affordable health coverage.[4] If Congress fails to enact an extension of ePTCs, rural Americans will experience a 107% increase in out-of-pocket premiums residents compared to 89% for urban county residents.[5]

Provide Essential Technical Assistance Support for Rural Hospitals

Programs that offer rural hospitals financial planning, service line optimization, and access to USDA capital can mean the difference between restructuring and closure. By codifying technical assistance programs, rural hospitals will have the tools they need to adapt, modernize, and continue serving their communities for the long term.

S. 1282/H.R. 1417 Rural Development Hospital Technical Assistance Program Act *– Sens. Mike Rounds (R-SD) and Peter Welch (D-VT); Reps. Ronny Jackson (R-TX) and Jill Tokuda (D-HI).* This bill codifies the USDA's Rural Hospital Technical Assistance program, expands eligibility to other rural provider types, and authorizes $2 million annually through FY 2029. The Program provides technical assistance to prevent closures and maintain and strengthen essential healthcare services in rural communities. This unique program provides affordable, flexible, on-the-ground technical assistance as needed by rural hospitals with a specific focus on hospitals currently in financial distress. Unlike prior iterations limited to hospitals, this legislation broadens eligibility to include rural health clinics, community health centers, long-term care and psychiatric hospitals, and home health agencies.

Rural hospitals are more than health care providers. They are economic engines and community lifelines. Without targeted, long-term solutions, closures will accelerate, leaving millions of rural Americans with reduced access to care. Enacting this set of bipartisan rural hospital sustainability bills will provide financial stability, modernize care delivery, address workforce shortages, protect patient choice, and give hospitals the tools they need to survive.

NRHA stands ready to work with Congressional leadership to move this package forward and ensure rural communities are not left behind. Please contact Alexa McKinley Abel (amckinley@ruralhealth.us) if you have any questions or would like additional information.

Sincerely,

[4] https://nrha-prod-eastus-be.azure.silvertech.net/NationalRuralHealth/media/Documents/Advocacy/2025/rural-health-rr-30-Oct-24.pdf
[5] https://tcf.org/content/commentary/rural-americans-face-unprecedented-price-hikes-for-health-care/

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Alan Morgan
Chief Executive Officer
National Rural Health Association

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50 F. St., N.W., Suite 520
Washington, DC 20001 | 202-639-0550