

Washington, DC -- Starting today, rural hospitals across the nation are experiencing dramatic Medicare reductions, putting Medicare beneficiary's access to critical primary, emergency, and hospital care in severe jeopardy. The National Rural Health Association (NRHA) calls on Congress to act immediately to restore the Medicare Dependent Hospital (MDH) designation and Low-Volume Hospital (LVH) adjustment to protect rural Americans access to critical health care services. This designation expired on September 30, 2012.

The MDH designation is designed to help rural hospitals that struggled to maintain financial stability under Medicare's fee schedule because of their small size and the large share of Medicare Beneficiaries who made up their patient base. Because of their vital nature in serving the rural Medicare beneficiary population, Congress enacted various payment modifications to help these facilities stay open and guarantee hospital access to rural Medicare beneficiaries. This designation reimburses hospitals based on their historical costs of providing care rather than on a prospective schedule based on costs incurred by other facilities.

Similarly, the LVH adjustment is designed to help isolated facilities that treat a very low number of beneficiaries. First proposed by the Medicare Payment Advisory Commission (MedPAC) in 2001, the adjustment operates on a sliding scale and helps qualifying facilities offset the high fixed costs of providing care to seniors that are not offset by the urban-centric prospective payment system.

"These designations are critical to the rural health care delivery system," said Alan Morgan, CEO of the National Rural Health Association. "Without them, a vital cog for delivering care to rural Americans is at risk. Hospitals will have no choice but to reduce services and staff."

Rural hospitals are not only critical access points to health care, but vital pieces of the rural economy. Around 14 percent of total employment in rural communities is attributed to the health sector. Hospital jobs are also high paying jobs, accounting for as much as 20 percent of the total revenue in rural economies.

This economic benefit comes at a great value to the Federal government and the tax payer. Small, rural hospitals nationally have equal or better quality outcomes and cost 3.7 percent less per Medicare beneficiary than their urban counterparts, according to a recent study. Rural hospitals provide care for 18 percent of all inpatient, outpatient and long-term Medicare patients, yet receive only 15 percent of Medicare expenditures.

### **About the National Rural Health Association**

NRHA is a nonprofit organization working to improve the health and well-being of rural Americans and providing leadership on rural health issues through advocacy, communications, education and research.

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