



Making Health Reform Work for Rural Americans

Overview: The laudable goals of the Affordable Care Act (ACA) were not fully achieved in rural America. The ACA took critical steps to improve the health of rural populations, who are per capita, older, poorer and sicker than other populations, by both reducing uninsured rates by 8% in rural counties and providing vital health benefits to rural patients. However, the lack of plan competition in rural markets, exorbitant premiums and co-pays, the co-op collapses, lack of Medicaid expansion, and devastating Medicare cuts to rural providers -- all collided to create a healthcare crisis in rural America.

The goals of the ACA must remain, but Congress must make it work in rural America by –

- 1) Ending Medicare cuts to rural providers;
- 2) Ending unnecessary and burdensome regulations;
- 3) Providing private market reforms that create choice and affordability in rural America; and
- 4) Expanding Medicaid coverage to needy populations and ensuring equitable provider reimbursement.

1. Ending Medicare Cuts to Rural Providers:

Access to insurance does not equate to access to care. Deep Medicare cuts such as Sequestration and Medicare bad-debt cuts are causing the majority of rural hospitals to operate at a financial loss, forcing many to close and leaving millions of rural patients without access to their nearest emergency room. According to a 2016 MedPAC report, “Average Medicare margins (for rural hospitals) are negative, and under current law they are expected to decline in 2016.” In fact, the median operating loss for rural hospitals is 6%, while the median profit margin for urban hospitals is 7%.

Eighty rural hospitals have closed since 2010. One in three rural hospitals is financially vulnerable; at the current closure rate, more than 25% of rural hospitals will close in less than a decade. Closures of this magnitude will create a massive national crisis in access to emergency services as well as detrimentally harm rural economies. Medicare in rural America must be protected:

- Stop bad debt cuts and other harmful Medicare cuts that are causing the rural hospital closure crisis and leaving millions of rural Americans without access to their nearest emergency room.
- Maintain cost-based reimbursement for Critical Access Hospitals (CAHs).
- Maintain the 340B Program for rural hospitals.
- Enact the Save Rural Hospitals Act.
- Make permanent rural Medicare extenders including the Low-Volume Hospital adjustment (LVH) and the Medicare Dependent Hospital (MDH) program, and rural EMS payments.

- Continue and improve innovative payment models in rural communities that promote quality, affordability and flexibility. Prioritize models that maintain emergency access to care for rural Americans during the rural hospital closure crisis.

2. Ending Unnecessary and Burdensome Regulations

- Eliminate the CAH 96-Hour Condition of Payment.
- Create equitable “exclusive use” standard for visiting specialists in rural provider-based facilities.
- Create more accurate price standardization of CAH Swing Bed Claims for bundled payments.
- Allow Critical Access Hospitals (CAHs) and Sole Community Hospitals (SCH) to be eligible for Indirect GME (IME).
- Modify Merit based incentive payment system (MIPS) to ensure performance comparison occurs between equivalent participants.
- Modify implementation of the Section 603 Site Neutral payment for new off-campus provider-based departments (PBD) to protect rural providers.
- Include rural relevant measures and methods for Hospital Star Rating.
- Change the supervision requirements for outpatient therapy services to general supervision from direct supervision protects patient safety and access.
- Modify the Recovery Audit Contractor (RAC) audit and appeals process.
- End improper Medicare Administrative Contractor (MAC) denial of the Low-Volume Hospital Adjustment.

3. Providing Private Market Reforms that Create Choice and Affordability in Rural America

NRHA supports policies that will increase plan penetration and competition in rural markets. NRHA supports policies that will meet the population health needs of rural America, and supports affordable plans where rural patients can access their local rural provides.

4. Expanding Medicaid Coverage to Needy Populations and Ensuring Equitable Provider Reimbursement

Medicaid is disproportionately important to rural patients. Rural populations are per capita poorer, with higher percentages of Medicaid and Medicare dual-eligible. States that have expanded Medicaid see significantly lower underinsured rates and rural hospital closure rates are meaningfully lower. Any Medicaid reform must include a Rural Impact Study that identifies anticipated impacts on rural areas and contains specific proposals for mitigation of any disproportionate negative impact on rural beneficiaries, health care providers, or health care delivery systems.

In implementing Medicaid reform, including approving state plans and waivers, the federal government must not abdicate its moral, legal, and financial responsibilities to rural, Medicaid-eligible populations and to support the development of sustainable rural health systems.