The Rural Hospital Support Act

Led by Senators Casey (D-PA) and Grassley (R-IA)

Why do we need The Rural Hospital Support Act?

Rural hospitals are a lifeline to rural communities. In some cases, the closing of a rural hospital can mean the difference between life and death for people in the surrounding communities. Rural hospitals often provide care to patients that are older, sicker and poorer compared to national averages as well as patients that are more likely to rely on Medicare and Medicaid.[1] In addition to being the main providers of care in their communities, many rural hospitals serve as economic anchors as large employers for the region. Rural hospitals need predictable and stable resources to ensure that they can continue to serve their communities and provide quality care.

Total Medicare Rural Designations Nationwide[2]		
Low-Volume	**Medicare-Dependent**	**Sole Community**
615 Hospitals	180 Hospitals	459 Hospitals

What would the Rural Hospital Support Act do?

The Rural Hospital Support Act would ensure rural hospitals can stay fiscally solvent and prevent hospitals from closing by extending and modernizing critical federal programs that rural hospitals rely on to properly serve their communities.

Specifically, the bill would:

- Make permanent the enhanced low-volume Medicare adjustment for small rural prospective payment system hospitals. The low-volume Medicare adjustment helps to level the playing field for hospitals in small and isolated communities whose operating costs often outpace their revenue;
- Update the year on which sole community hospitals and Medicare-dependent hospitals can base their operating costs from FY2012 to FY2016. This would ensure these hospitals can tie reimbursement estimates to more recent trends in costs under Medicare's inpatient prospective payment system; and
- Make permanent the Medicare-Dependent Hospital program which ensures that eligible rural hospitals are reimbursed for their costs.

History of Rural Hospital Designations

The Medicare-dependent designation was created in 1989 for small rural prospective payment system hospitals and has been reauthorized 10 times, most recently in 2018. The low-volume Medicare adjustment was created in 2005 and has been reauthorized seven times, most recently in 2018. In addition, the sole community hospital program was created and made permanent in 1983. Other rural hospital designations not addressed by this bill include critical access hospitals, rural referral centers, and the rural emergency hospitals. In 2022, the Low-Volume Hospital and Medicare-Dependent Hospital designations were extended through fiscal year 2024.[3]

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[1] Rural Policy Research Institute Health Panel, "After Hospital Closure: Pursuing High Performance Rural Health Systems without Inpatient Care," June 2017, https://rupri.public-health.uiowa.edu/publications/policypapers/Alternatives%20for%20Developing%20the%20High%20Performance%20Rural%20Health%20System.pdf.

[2] MedPAC's analysis of the inpatient provider specific file from CMS.

[3] Public Law 117-328.