

MDH/LVH extension timeframe

NRHA Factsheet and Talking Points



What is a Medicare Dependent Hospital (MDH)/ Low Volume Hospital (LVH)?

Medicare Dependent Hospitals are small, rural hospitals where at least 60% of their admissions or patient days are from Medicare patients. MDHs receive the IPPS rate plus 75% of the difference between the IPPS rate and their inflation-adjusted costs from one of three base years.

Low-volume hospitals are hospitals that have fewer than 800 discharges in a fiscal year. The LVH adjustment helps isolated, rural hospitals with extremely low patient volumes to continue operating. LVHs receive a payment adjustment on a sliding scale based on volumes.

Impact on Rural

MDH and LVH programs serve as a lifeline for many rural hospitals and are critical for sustaining access to care in rural areas. With 50% of rural hospitals operating with negative margins, MDH and LVH designations provide critical support for vulnerable rural hospitals.

Medicare is often the largest payer for rural hospitals and stability in Medicare payments is paramount to financial viability and thus maintaining access to care. Medicare generally reimburses at less than the cost of providing care, making enhanced payments under the MDH and LVH programs critical to rural hospitals that have lower volumes and tend to serve older, poorer, and sicker patients.

It is crucial that the MDH and LVH designations are extended for a longer duration of time, ideally at least three years but ideally more than five. Rural hospitals need predictability and certainty around Medicare reimbursement for budgeting and planning purposes. A series of short-term extenders for these designations put hospitals in an uncertain position that makes long-term financial planning more difficult.

NRHA Stance

NRHA endorses legislation which would extend MDH and LVH designations for three- to-five years. NRHA encourages Congress to enact a permanent extension and provide certainty to small, rural hospitals across the country