January 31, 2025
Submitted via email: statementsfortherecord@finance.senate.gov

Senate Committee on Finance
Attn. Editorial and Document Section
Rm. 219 Dirksen Senate Office Building
Washington, DC 20510

Re: Statement for the Record on Hearing on *Hearing to consider the nomination of Robert F. Kennedy, Jr., of California, to be Secretary of Health and Human Services*

Dear Chairman Crapo and Ranking Member Wyden:

The National Rural Health Association (NRHA) appreciates the opportunity to submit this statement for the record on the Hearing to consider the nomination of Robert F. Kennedy, Jr., of California, to be Secretary of Health and Human Services held by the full Committee on January 29, 2025.

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.

NRHA appreciates the recognition of the challenges rural hospitals and communities face, as recognized in remarks by Senators Crapo, Wyden, Barrasso, Grassley, Blackburn, Hassan, and Warner. It is critical to emphasize that with new leadership coming into DC, Congress must continue to implement transformative policies that can help support and improve rural healthcare. Since 2010, over 180 rural hospitals have closed or discontinued inpatient services. Nearly 50% of rural hospitals operate on negative margins. When a rural hospital closes, not only does the community lose access to vital health care, but a major employer and community lynchpin exits, affecting the larger community.

NRHA would like to reiterate and highlight our top priorities for Congress and the Administration to consider in order to support and uplift the healthcare needs of more than 63 million rural Americans:

<u>Secure key rural health care programs.</u>

Conditions in rural communities make providing health care challenging, including low patient volumes, complex patient populations, workforce shortages, and inadequate reimbursement rates. Several special rural payment designations and federal programs exist to meet the needs of and alleviate particular challenges for subsets of rural providers. The following actions are needed to protect critical safety net rural programs.

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NRHA advocates for permanent, or a minimum 5-year extension, of programs that expire April 1, 2025 as part of *H.R. 10445, the Further Continuing Appropriations and Disaster Relief Supplemental Appropriations Act, 2025*, including programs for **Medicare-Dependent Hospitals**, hospitals receiving a **Low Volume Hospital payment adjustment** *(S.1110 Rural Hospital Support Act of 2023 and H.R. 6430: Assistance for Rural Community Hospitals (ARCH) Act)*, and **rural ground ambulance** *(S.1673/ H.R.1666: Protecting Access to Ground Ambulance Medical Services Act)*. Rural providers need certainty around Medicare reimbursement for budgeting and planning purposes. A series of short-term extenders for these designations puts hospitals in an uncertain position that makes long-term financial planning more difficult.

Further, NRHA emphasizes the importance of ensuring that **core programs and key pilots** are authorized, ranging from supporting rural hospitals through the Medicare Rural Hospital Flexibility Program (*S.5308/ H.R.10187: Rural Hospital Flexibility Act of 2024*) to providing start-up funding for rural physician training (Rural Residency Planning and Development Program S*.H.R. 7855: Rural Residency Planning and Development Act of 2024*) to combating opioid use (Rural Communities Opioid Response Program *H.R.9842 - RCORP Authorization Act*), to the Office of Rural Public Health at the Centers for Disease Control and Prevention (*S.2799/ H.R.5481 Office of Rural Public Health at the Centers for Disease Control and Prevention)*.

Make Medicare Advantage work for rural healthcare.

Medicare Advantage (MA) enrollment has grown exponentially in recent years and rural areas are not immune from this trend. Almost half of rural beneficiaries are enrolled in an MA plan instead of Traditional Medicare, leading to ripple effects for rural providers. Providers that receive cost-based reimbursement, like CAHs, oftentimes do not receive payment from MA plans that is on par with their Traditional Medicare reimbursement, eroding the importance of their special rural designation. Further, plans delay and deny payments to rural providers that have already furnished the necessary services to patients and generally do not have ample cash on hand to sustain these losses. Given workforce shortages from physicians to front desk staff, rural providers struggle to keep up with prior authorization requests, denials, and appeals. NRHA supports reforms proposed in the *Improving Seniors' Timely Access to Care Act (S. 4532/H.R. 8702)* **NRHA looks to Congress and CMS to reign in prior authorization practices by MA plans and enforce the timeliness and adequacy of payments to rural providers.**

Stop implementation of payment policies harmful to rural providers.

Provider payment reforms being discussed in D.C. do not account for how rural providers on the ground would be disproportionately impacted due to their unique funding mechanisms and financial instability. Rural hospitals see a higher public payer mix and more uninsured patients and cannot sustain changes to Medicare and Medicaid financing. As such, **NRHA strongly opposes attempts to expand site neutral payment policies.** Data from CMS indicates that rural hospitals' reliance on outpatient services has grown, with outpatient revenue rising from 66% in 2011 to nearly 75% in 2021. Medicare revenue represents a large share of this income, making full Medicare outpatient payments crucial for rural hospitals compared to their urban counterparts. While well-intentioned, site neutral policies will burden rural hospitals that rely heavily upon off-campus outpatient departments to meet their communities' needs.

Sustain rural healthcare infrastructure.

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Rural health care financing is made up of several different puzzle pieces of funding sources, like 340B savings, public and private payers, state and federal grant funds, and applicable rural payment designations. **Congress must take the following actions to bolster these funding streams and in turn support key service lines and rural access to local care:**

- Make transformative changes to Medicare payment for rural hospitals, including eliminating sequestration, extending disproportionate share payments for sole community and Medicare-dependent hospitals paid under their hospital specific rate, codifying the low wage index policy promulgated by CMS from 2020 to 2024, and establishing an area wage index floor. *H.R. 833 Save America's Rural Hospitals Act*.
- Authorize the Rural Hospital Technical Assistance program at the Department of Agriculture and continue to adequately fund the Rural Hospital Stabilization pilot program at FORHP. *H.R. 4713 Rural Hospital Technical Assistance Program Act.*
- Make technical changes to the Rural Emergency Hospital (REHs) designation to make it a more accessible and sustainable option for rural hospitals considering conversion. *S. 4322 Rural Emergency Hospital Improvement Act and S. 4587/ H.R. 44 (119th) Rural 340B Access Act.*
- Protect the 340B Drug Pricing Program for rural covered entities, particularly the use of contract pharmacies which enhance access for rural patients that do not live near a hospital or clinic. *S. 5021/ H.R. 340B Patients Act, H.R. 2534 PROTECT 340B Act.*
- Improve rural hospitals' ability to respond to obstetric emergencies. In the midst of an obstetric unit closure crisis in rural America, ensuring providers are well-equipped to manage obstetric emergencies without a dedicated labor and delivery unit is crucial. *S. 4079/ H.R. 8383 Rural Obstetric Readiness Act.*

Reduce regulatory burden on small rural providers

NRHA calls for the Administration to rescind two major rules from CMS that burdens on already strained rural providers. These rules include the Minimum Staffing Standards for Long-Term Care Facilities rule which creates mandatory nursing staff levels for nursing facilities with no true exemptions for rural facilities. Additionally, the new conditions of participation (COPs) for hospitals that provide obstetric (OB) services, including rural hospitals and critical access hospitals from the CMS 2025 Medicare Outpatient Prospective Payment System rulemaking.

These targeted policies would protect, sustain, and improve health care delivery for rural patients. NRHA calls on Congress and the Administration to prioritize rural health and ensure rural communities have the same accessible, quality health care as their urban counterparts. For additional information, please contact Carrie Cochran-McClain at ccochran@ruralhealth.us.

Sincerely,

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