

Congress of the United States

Washington, DC 20515

May 19, 2017

VIA ELECTRONIC TRANSMISSION

The Honorable Seema Verma
Administrator
Centers for Medicare & Medicaid Services
200 Independence Avenue SW
Washington, DC 20201

RE: Rural Community Hospital, IPPS Proposed Rule (CMS-1677-P)

Dear Administrator Verma:

The Centers for Medicare & Medicaid Services (CMS) is conducting the Rural Community Hospital Demonstration Program (RCH), which was initiated by the Medicare Modernization Act of 2003 (MMA). The RCH was extended under the Affordable Care Act (ACA) and most recently under Section 15003 of the 21st Century Cures Act. Congress directed CMS to create this program in response to the financial concerns of small rural hospitals.

As you know, the goal of the program is to evaluate cost based reimbursement for small rural hospitals with fewer than 51 beds. Each year since, 2004, CMS has reported on the progress of this program. Eligibility is based on states with the lowest population densities and currently includes: Alaska, Arizona, Arkansas, Colorado, Idaho, Iowa, Kansas, Maine, Minnesota, Mississippi, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, and Wyoming.

Section 15003 of the 21st Century Cures Act extended the duration of this program by changing the language in the ACA from “five years” to “ten years,” beginning on the date *immediately following* the last day of the initial five year period. Despite this language, CMS proposes to begin implementation of this extension on a hospital’s first cost reporting period beginning on or after October 1, 2017, following the announcement of the selection of additional hospitals to the RCH. This will result in a gap in the reasonable cost payment methodology paid to hospitals that previously participated in the program of up to three years.

In the proposed rule, CMS recognized the problem this gap creates for previously participating hospitals and an alternative approach was proposed. In that proposal, previously participating hospitals would begin the second 5 years of the 10-year extension period and the cost-based payment methodology on the date immediately after the date the period of performance under the first 5-year extension period ended. For example, a hospital whose 5-year period of performance authorized by ACA ended June 30, 2016, the extension of the period under section 15003 of Pub.L. 114-255 would be effective July 1, 2016. In the proposed rule, CMS states “we believe that this alternative approach would be consistent with the language of section 410A of Pub. L

108-173 (as amended)...” and we concur. We strongly encourage you to consider Congressional intent as you finalize the rule.

The RCH program has been a lifeline for certain rural hospitals at risk of closure. Since 2010, more than 60 rural hospitals have closed nationwide. According to a report by iVantage Health, 673 more rural hospitals are at risk of closure.

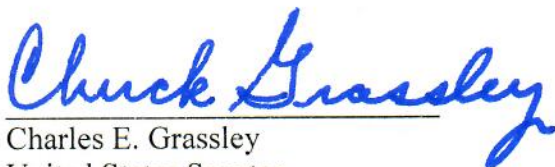
For one rural hospital in Iowa, the delay in implementation of the extension will result in a loss of \$1.1 million dollars. A second rural hospital will lose nearly \$5 million. These rural hospitals operate on minimal margins and will not be able to keep the doors open if those losses continue. This will greatly impact the ability of Iowans to receive medical care in a timely manner.

One of the regional hospitals in Juneau, Alaska faces nearly \$5 million in projected losses due to delay. The hospital is located in a geographically isolated area and has limited ability to take advantage of economies of scale due to a small population base, making programs like RCH critical to the hospital’s success. The citizens that benefit from this hospital come from communities throughout Southeast Alaska by boat or plane and would be forced to travel even farther from home to receive care otherwise.

This gap in implementation is inconsistent with Congressional intent, which requires a seamless extension of this critical program. It is also inconsistent with the way the agency implemented the first five-year extension of this program. Most importantly, however, this proposal would cause financial hardship for many of the hospitals that have been participating in the RCH. As a result, we are concerned these hospitals will be forced to reduce or eliminate the services they offer to their communities, thereby further threatening access to health care services for individuals living in these rural communities.

As the sponsors of the Rural Community Hospital Demonstration Extension Act of 2015 – the basis for Section 15003 of the 21st Century Cures Act – we encourage you to address this issue expeditiously and provide certainty to the previously participating hospitals as well as the new enrollees.

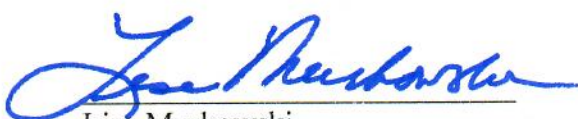
Sincerely,



Charles E. Grassley
United States Senator



Joni Ernst
United States Senator



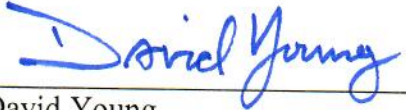
Lisa Murkowski
United States Senator



Dan Sullivan
United States Senator



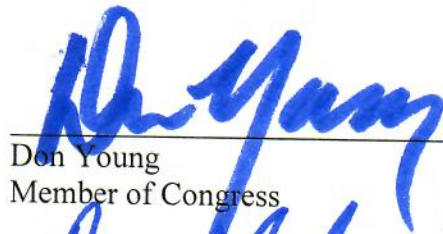
Michael Bennet
United States Senator



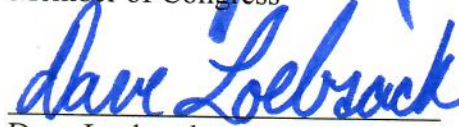
David Young
Member of Congress



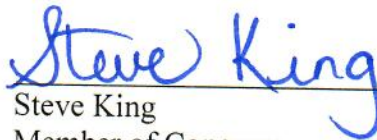
Rod Blum
Member of Congress



Don Young
Member of Congress



Dave Loebsack
Member of Congress



Steve King
Member of Congress

cc: Secretary Tom Price, Department of Health and Human Services