

Community takes case for protecting its rural hospital to halls of Congress

BY MATTHEW MALAMUD

The Medicare payment crunch affecting Grinnell (IA) Regional Medical Center is typical of the financial challenges confronting rural hospitals its size.

The 49-bed facility is too large to qualify for the more attractive cost-based reimbursements afforded to critical access hospitals, which have no more than 25 beds. But it's too small to remain financially viable under Medicare's prospective payment system (PPS), contends Todd Linden, Grinnell Regional's president and CEO, and a former AHA board member.

Grinnell Regional and other so-called "tweener" hospitals are looking for adjustments in Medicare PPS that will help them continue to meet their communities' health needs – and Linden says they need that help now. He took that message to his state's congressional delegation and their staff during a recent visit to Capitol Hill.

Linden met with Sens. Charles Grassley, R-IA, and Tom Harkin, D-IA, as well as Reps. Bruce Braley, D-IA, David Loebsack, D-IA, Leonard Boswell, D-IA, Thomas Latham, R-IA, Steve King, R-IA, and their staffs to build support for tweener hospitals. He was accompanied by several city leaders, including Grinnell's mayor, a council member and local business representatives. They were there to reinforce Linden's message that a healthy rural community needs a healthy hospital.

Last year, the federal government reimbursed Grinnell at about 67% of the hospital's cost of treating Medicare patients, a roughly \$7 million shortfall at a time when the hospital experienced an upswing in patient bad debt and charity care. For hospitals like Grinnell, where 50% of the patients are Medicare beneficiaries and another 10%

are on Medicaid, the numbers translate into an unsustainable business model.

"There's an agreement between the federal government and providers in this country to meet the health care needs of Medicare beneficiaries," says Linden. "We do our job; we provide high-quality, low-cost health care services to those patients. The government has to do its part and pay us reasonably; otherwise, it undermines our ability to maintain our mission to the full community."

A few days before Linden visited with lawmakers, Grassley in the Senate and Boswell in the House introduced the "Medicare Rural Health Access Improvement Act," S. 318 and H.R. 362 respectively. The AHA-backed legislation would temporarily increase Medicare reimbursements to tweener hospitals by allowing them to receive the non-wage-adjusted payment rate for inpatient services and through adjustments in their Medicare inpatient payments.

The identical bills also would extend Medicare outpatient "hold harmless" protections, which essentially allow small rural hospitals to continue being reimbursed under pre-PPS methods, and would lift the disproportionate-share hospital payment cap for rural hospitals. In addition, the legislation would place growth limits on established physician-owned hospitals and prevent new ones from opening.

While Linden appreciates the lawmakers' efforts, he says the experience seems like "dèjà vu all over again." The Jan. 29 meetings on Capitol Hill marked the fifth time that Linden and other community leaders have taken their case for Medicare payment improvements to Washington. "We've already had to close down services we used to provide because we simply don't have the resources," says Linden. "The government's getting a bargain for the care we



COMMUNITY SUPPORT. Grinnell (NE) Regional Medical Center CEO Todd Linden and city leaders sought Medicare payment improvements for 'tweener' hospitals in recent meetings with lawmakers on Capitol Hill. (Top) Sen. Charles Grassley, R-IA, is at the head of the table and Linden is at right. (Below) Sen. Tom Harkin, D-IA, is at the head of the table, with Linden on the right.



are providing. We're not asking for special treatment, just fair treatment. If we don't see some government redress soon it's going to impact our ability to meet the health care needs of our community."

In Grinnell, where the hospital is a major employer and vital to the local economy, reductions in service means more than just decreased access to health care. It also means fewer jobs and lower revenue – the ripple effects of which have many community leaders worried. "While we may not be a critical access hospital, we are critical to our community," says Linden.