



American Hospital
Association

LOW VOLUME PPS LEGISLATION S.318/H.R.362

TALKING POINTS

- Rural hospitals provide essential inpatient, outpatient and post-acute care, including skilled nursing, home health and rehabilitation services, to nearly 9 million Medicare beneficiaries.
- Small rural hospitals, in particular, face unique circumstances that merit special consideration when developing Medicare payment policies. Because of their small size – a median of 58 beds compared to 186 for urban hospitals – rural hospitals have a lower capacity to manage within a prospective system due to few financial reserves and significant volume fluctuations.
- Their population base also lends to a greater reliance on Medicare as a source of revenue than urban hospitals.
- These challenges, coupled with isolation, high levels of poverty and shortages of critical health professionals, make it much more difficult for small rural hospitals to absorb the impact of policy and market changes.

LEGISLATION

H.R. 362, *The Rural Hospital Assistance Act*, Reps. Boswell (D-IA) and Emerson (R-MO)

- Provides for up to a 25 percent Medicare inpatient payment adjustment for low-volume PPS hospitals more than 15 miles from another PPS hospital and having less than 1,500 discharges of Medicare Part-A beneficiaries
- Provides for the use of the non-wage adjusted PPS rate under the MDH program
- Eliminates the Medicare hospital exception for physician-owned hospitals, but provides a limited exception for existing facilities

S. 318, *The Medicare Rural Health Access Improvement Act*, Sen. Grassley (R-IA)

- Provides up to a 25 percent Medicare inpatient low-volume adjustment to PPS hospitals located more than 15 road miles from another PPS hospital and having less than 2,000 discharges of Medicare Part-A beneficiaries
- Extends Medicare FLEX Grants
- Improves MDH Program payments to the hospital without regard to any adjustment for different area wage levels
- Extends and expands the Medicare hold-harmless for Outpatient PPS and SCH adjustment
- Extends treatment of physician pathology services under Medicare
- Extends rural ground ambulance bonus
- Improves payment to RHCs at \$92 per visit
- Exempts DME supplies in small MSAs and rural areas