



American Hospital
Association

RURAL HOSPITAL POLICY UPDATE

Tuesday, July 17, 2012

IOM Makes Recommendations on Examining Rural Payment Programs – Renewal of Medicare Extenders Essential

On July 17, the Institute of Medicine (IOM) issued a report (www.iom.edu/adjustmentimpact) that includes a recommendation that CMS reexamine rural hospital payment programs, such as the critical access and Medicare-dependent hospital programs, to determine whether they are effective at ensuring adequate access to appropriate care. The IOM stated that it made this recommendation because the qualifying criteria for these programs are generally not consistently stated or applied, nor have access benefits for beneficiaries been consistently demonstrated. We are disappointed to see that the IOM believes that these programs have not helped improve the access challenges beneficiaries face in rural America. In contrast, these and other adjustments have helped improve rural hospitals' financial stability significantly, resulting in fewer rural hospital closures and thereby helping ensure rural beneficiaries are able to access care. However, the IOM further commented that it may be advisable over time to combine existing programs – or establish new ones – to best protect access to appropriate high-quality care for Medicare beneficiaries in different areas across the country. We certainly agree that protecting access to high-quality care in rural America is critical – ongoing monitoring is warranted, particularly in light of the unique challenges that hospitals and beneficiaries face in rural areas. The AHA welcomes the opportunity to work with the government and other organizations to further examine this issue.

The AHA last month sent letters to every member of the House and Senate in support of renewing expiring Medicare and rural extenders. **We encourage you to continue to reach out to your House and Senate members on these important programs as well.**

The specific extenders are:

- Payments for the technical component of certain physician pathology services.
- Ambulance add-on payments.
- The outpatient hold-harmless provision for rural hospitals and Sole Community Hospitals.
- Medicare cost payments for clinical diagnostic laboratory tests furnished in certain rural areas.
- Section 508 hospital wage index reclassifications.
- The Medicare-dependent hospital program.
- The enhanced low-volume adjustment for inpatient prospective payment system hospitals.

In addition, the letters express support for *the R-HoPE Act* (H.R.3859/S.1680), which would extend several of the provisions including the outpatient hold harmless and the direct billing for the technical component of pathology services, and for *the Rural Hospital Access Act* (H.R.5943/S.2620), which extends the Medicare-dependent hospital program and enhanced Medicare low-volume adjustment until September 30, 2013.

For further information contact Joanna Kim, senior associate director, American Hospital Association, (202) 626-2340 or jkim@aha.org.