



American Hospital
Association

LEGISLATIVE *Action Alert!*

Friday, June 28, 2013

NEED ACTION FROM..... *Rural hospital leaders*
ACTIONS..... *Urge your representative to co-sponsor the
Rural Hospital Fairness Act*
WHEN..... *Immediately*
HOW..... *Call or e-mail your representative*
WHY..... *Bill would reinstate outpatient “hold harmless”
payments*

SUPPORT NEEDED FOR “HOLD HARMLESS” TRANSITIONAL OUTPATIENT PAYMENTS

***AHA-supported bill introduced for reinstatement of hold harmless
outpatient payments***

Rep. Bruce Braley (D-IA), today introduced the *Rural Hospital Fairness Act of 2013*, which would reinstate the outpatient “hold harmless” payments to certain eligible sole community hospitals (SCH) and rural hospitals with no more than 100 beds through Dec. 31, 2013. The “hold harmless” transitional outpatient payments (TOPs) remain critical for small, rural hospitals, and the AHA continues to advocate for an extension of this payment. This program expired Dec. 31, 2012 for rural hospitals and SCHs with no more than 100 beds; it expired March 1, 2012 for SCHs with more than 100 beds. Without TOPs, these small, rural hospitals are paid an average of just 75 percent of their Medicare costs, making it difficult for these vulnerable hospitals to continue to provide access to critical outpatient services, such as emergency department services and chemotherapy.

We need your help in generating support for this bill. Please contact your House member and ask him or her to co-sponsor this legislation.

BACKGROUND

When the outpatient prospective payment system (OPPS) was implemented, Congress made certain rural hospitals with 100 or fewer beds eligible to receive an additional payment adjustment, referred to as “hold harmless” transitional outpatient payments. Hold harmless TOPs were intended to ease the transition from the prior reasonable cost-based payment system to the OPPS. That provision originally expired Jan. 1, 2004; however, because of concerns about the financial stability of these small rural hospitals, Congress extended the

provision and had subsequently expanded it to apply to equally vulnerable SCHs. This program has now expired.

Under the TOPs provision, a hospital's Medicare outpatient payment was increased by 85 percent of the amount of the difference between the aggregate reasonable cost-based payment the hospital would have received prior to the enactment of the *Balanced Budget Act of 1997* (i.e., "pre-BBA amount") and the aggregate payments the hospital received under the OPSS.

The AHA is concerned that the small rural hospitals and SCHs that were eligible for TOPs will be harmed now that the policy has expired. Hospitals that had received TOPs already had Medicare payments that were well below their Medicare costs, with payments averaging about 83 percent of costs. Now that TOPs has expired, these hospitals will be subject to a cut of about 11 percent to Medicare outpatient payments. With such a large gap between payments and costs, it will be difficult for these vulnerable hospitals to continue to provide access to critical outpatient services, such as emergency department services and chemotherapy.