American Hospital Association™
Advancing Health in America

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March 4, 2025

The Honorable Carol Miller
U. S. House of Representatives
465 Cannon House Office Building
Washington, DC 20515

The Honorable Terri Sewell
U. S. House of Representatives
1035 Rayburn House Office Building
Washington, DC 20515

Dear Representatives Miller and Sewell:

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, our clinician partners — including more than 270,000 affiliated physicians, 2 million nurses and other caregivers — and the 43,000 health care leaders who belong to our professional membership groups, the American Hospital Association (AHA) is pleased to support the Assistance for Rural Community Hospitals (ARCH) Act (H.R. 1805).

Rural hospitals are essential access points for care, economic anchors for communities and the backbone of our nation's rural public health infrastructure. These hospitals have maintained their commitment to ensuring local access to high-quality, affordable care in spite of continued financial and workforce challenges in recent years.

Your legislation will help keep the doors open at rural hospitals and allow them to continue serving their local communities during this time of sustained financial pressure and historic changes in care delivery.

To support small rural hospitals for which Medicare patients make up a significant percentage of inpatient days or discharges, Congress established the Medicare-dependent hospital (MDH) program in 1987, allowing eligible hospitals to receive the sum of their prospective payment system (PPS) payment rate plus three-quarters of the amount by which their cost per discharge exceeds the PPS rate. These payments allow MDHs greater financial stability and leave them better able to serve their patients and communities. Your legislation would extend this important program for six additional years, helping to provide needed financial stability to rural hospitals.

In addition, the ARCH Act would extend the enhanced low-volume Medicare adjustment for six years. Factors beyond providers' control can affect the costs of furnishing services. Patient volume is one such factor and is particularly relevant in small and isolated communities where providers frequently cannot achieve the economies of scale possible for their larger counterparts.

Although a low-volume adjustment existed in the inpatient PPS prior to fiscal year 2011, the Centers for Medicare & Medicaid Services had defined the eligibility criteria so narrowly that only two or three hospitals qualified each year. The current, improved low-volume adjustment better accounts for the relationship between cost and volume, helps level the playing field for low-volume providers, and improves access to care in rural areas. Extending the enhanced low-volume adjustment ensures that these providers can continue to serve their patients and communities.

Again, we are pleased to support this legislation and look forward to working with you and your colleagues to achieve its passage.

Sincerely,

/s/

Lisa Kidder Hrobsky
Senior Vice President, Advocacy and Political Affairs