WISCONSIN HOSPITAL ASSOCIATION
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Please Support Restoring Essential Rural Health Clinic Funding

- Enhanced Medicare reimbursement has been essential to preserving access to rural health care, given Medicare typically pays less than it costs to provide care.
- A change made in the 2021 Consolidated Appropriations Act cut Medicare payments for new RHCs – impeding their ability to expand access to rural care.
- Legislation has been introduced to allow new provider-based RHCs to receive enhanced funding in exchange for reporting quality metrics.

WHA Ask:

Please cosponsor the Rural Health Fairness in Competition Act, H.R. 5883 authored by Reps. Terri Sewell (D-AL) and Adrian Smith (R-NE) to help preserve access to high quality Rural Health Care.

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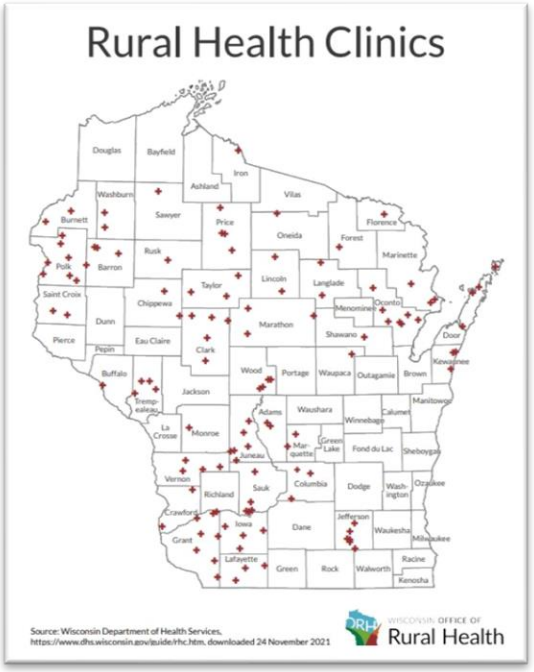
June 2022

Protect Rural Health Care: Funding for Rural Health Clinics

A Change in RHC Funding Has Unintended Impact for Rural Access to Care

Rural Health Clinics (RHCs) exist to preserve access to rural care. Created by Congress in 1977, RHCs are a lifeline to rural communities that would otherwise struggle to have adequate access to primary and preventive care. Much like the funding structure for rural critical access hospitals (CAHs), Congress created payment structure for RHCs that allow them to essentially break even when treating Medicare patients. Congress recognized that since rural areas have lower volumes, they cannot offset losses from Medicare and Medicaid, which pay on average 73% and 66% of what it costs hospitals to provide care, in the same way urban and suburban areas can.



New Payment Cap Adversely Impacts RHCs

The 2021 Consolidated Appropriations Act changed the way RHCs are paid by creating a new cap on payments for existing provider-based RHCs, which are typically an extension of a small rural hospital, and most often in Wisconsin, an extension of a CAH with less than 25 beds.

More notably, however, it created a lower cap on payments for any newly established provider-based RHCs, bringing them in line with new payment rates for RHCs that are either independent or established by hospitals with 50 or more beds. While the goal of this policy change was to narrow the payment disparity between how RHCs are reimbursed, it has created unintended consequences for access to care in rural areas.

New RHC Payment Policy Inhibits Opportunities to Grow Access to Rural Health Care

Unfortunately, the new law did not take into consideration organizations already planning to establish new RHCs, a process that can often take multiple years. Organizations that were planning opening RHCs with the prior revenue model will now be forced into the new lower capped rate. Losing break-even Medicare rates can be the difference between small health care organizations being able to afford preserving services in local communities versus patients having to drive to the nearest city.

- **Underpayments to WI hospitals grew 57% - from $1.77B in 2016 to $2.78 billion 2020**
- **RHCs are often located in areas with the densest Medicare populations**
- **Enhanced rates help RHCs sustain access to rural care**

Support Legislation Restoring Fair Funding for New RHCs that Submit Quality Data

WHA supports The Rural Health Fairness in Competition Act (H.R. 5883), which has been introduced by Terri Sewell (D-AL) and Adrian Smith (R-NE) to address this issue. In exchange for submitting data on quality metrics, the legislation would allow newly established provider-based RHCs to have access to the same higher payment structure that existing provider-based RHCs receive.