

Please Extend the Medicare-Dependent & Low Volume Adjustment Hospital Programs

WHA Ask:

The Medicare-Dependent Hospital and Low-Volume Hospital programs are critical to the financial viability of hospitals that do not have enough commercially insured patients to offset their Medicare losses.

Please work to ensure these programs are extended before they expire at the end of 2026.

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Extensions Needed to MDH/LVH Programs

Programs Set to Expire at End of 2026

What are the Medicare-Dependent and Low-Volume Hospital Programs?

Congress established the Medicare-Dependent Hospital (MDH) program in 1987, allowing hospitals with 100 or fewer beds that serve a high proportion of Medicare inpatients (at least 60%) to receive slightly enhanced reimbursements compared to the normal payment rate larger hospitals receive under the Centers for Medicare and Medicare Services (CMS) prospective payment system. These payments allow MDHs greater financial stability and leave them better able to serve their communities.

Similarly, Congress established the Low-Volume Hospital adjustment (LVH) in the Medicare Prescription Drug, Improvement and Modernization Act of 2003 in response to a report from the Medicare Payment Advisory Commission (MedPAC) that warned about a widening gap between rural and urban hospital profitability. Congress expanded the program in 2010 and reauthorized it again in the Bipartisan Budget Act of 2018. The LVH program gives rural hospitals with low volumes between a 0-25% payment boost on a sliding scale based on their low volumes.

Unfortunately, both programs are set to expire again at the end of 2026 and must be reauthorized by Congress to avoid serious cuts for Wisconsin hospitals.

WI 10-year Impact of Losing MDH & LVH Designations		
Congressional District	# Hospitals Impacted	Est. 10-year Impact
Bryan Steil	2	-\$65.3 million
Mark Pocan	3	-\$35.8 million
Derrick Van Orden	2	-\$23.0 million
Scott Fitzgerald	3	-\$43.9 million
Glenn Grothman	4	-\$41.7 million
Tom Tiffany	2	-\$18.4 million
Statewide	16	-\$228.1 million
<i>Source: AHA Analysis of 2025 IPPS Rule</i>		

Medicare Underpayments are a Growing Problem for Wisconsin Hospitals

Because Wisconsin is an aging state, it is seeing a large shift in people moving off private insurance and onto Medicare. In fact, as of 2024, Wisconsin was tied for 8th among states with the highest percentage of their population covered by Medicare, at 22%. Due to this, **annual Medicare underpayments to Wisconsin hospitals have grown from \$1.77 billion in 2016 to \$3.6 billion in 2024, more than doubling in 8 years.** This problem can be particularly challenging for rural areas which tend to have a higher percentage of their population at a Medicare eligible age.

The MDH and LVH Programs Help Hospitals Offset Medicare and Medicaid Losses

Most rural hospitals in Wisconsin operate with fewer than 25 inpatient beds as critical access hospitals (CAHs) and are eligible to receive close to break-even rates from Medicare. However, rural hospitals above that threshold or that were otherwise ineligible for the CAH program when it began would receive the normal prospective payment rate that larger hospitals receive, which amounts to about 74% of the cost to provide care in Wisconsin. For this reason, we sometimes refer to these hospitals as “tweeners,” as they are generally too big to be CAHs but also too small to have the volume of patients normal PPS hospitals need to offset Medicare and Medicaid losses – they are somewhere in-between. ***Losing MDH or LVH status would make it extremely difficult for them to operate as they currently do, since they do not have the same volumes of privately insured patients to offset losses from Medicare and Medicaid.***