Durbin, Lankford To Hhs: Ensure Rural Hospitals Have Help During Coronavirus Response

April 7 2020 11:35 AM

WASHINGTON – Today, U.S. Senators Dick Durbin (D-IL) and James Lankford (R-OK) urged Department of Health and Human Services (HHS) Secretary Alex Azar to ensure rural hospitals have the needed support to respond to the COVID-19 pandemic and maintain financial stability to continue serving their communities. Durbin and Lankford highlighted the $100 billion in new funding appropriated by Congress to health care providers in the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, and emphasized the importance of ensuring rural hospitals can access these funds. Durbin and Lankford also highlighted their bipartisan *Rural Hospital Closure Relief Act*, and urged Secretary Azar's support for their legislation. The bill would support financially vulnerable rural hospitals facing risk of closure by updating Medicare's "Critical Access Hospital" (CAH) designation so more rural hospitals can qualify for this financial lifeline and continue to serve their communities with quality, affordable health care services.

"To date, our rural hospitals have thankfully borne relatively less of the brunt of treating patients with COVID-19 than urban academic hospitals and other large providers. However, this is likely to change in the coming weeks as the transmission of the virus shifts. Further, rural hospitals have been forced to cancel surgeries, restrict outpatient services, expand surge staffing, acquire additional protective equipment, and construct triage structures," wrote Durbin and Lankford. **" Our bipartisan legislation would provide stability to the most financially vulnerable hospitals in Illinois, Oklahoma, and across the nation by allowing them to convert to Critical Access Hospital status."**

Small hospitals are the backbone of rural communities, and often the largest employers, yet more than 120 rural hospitals have closed nationwide in the past decade, with many more hospitals operating with negative margins.

The *CARES Act*, which was signed into law on March 27, established a $100 billion fund to provide direct, emergency funding to meet the immediate needs of front-line hospitals and health providers. The *CARES Act* also sought to recognize the short-term challenges of rural hospitals by increasing Medicare reimbursements for COVID-19 treatments and expanding the Medicare Accelerated Payments program to enable Critical Access Hospitals and other rural hospitals to request advance, lump payments.

Under CAH status, hospitals are paid a higher Medicare rate—101 percent of their actual costs, rather than set rates per service, as long as they have fewer than 25 inpatient beds; are located 35 miles from other hospitals; maintain patient length of stays less than 96 hours; and offer 24/7 emergency care.

The *Rural Hospital Closure Relief Act*, introduced by Durbin, Lankford andU.S. Representatives Adam Kinzinger (R-IL-16) and Dave Loebsack (D-IA-02), would support rural hospitals by providing flexibility around the 35-mile distance requirement and enabling states to certify a hospital as a "necessary provider" in order to obtain CAH designation. This authority ended in 2006, but the bill would re-open this financial lifeline for certain rural hospitals that serve a low-income community, are located in a health professional shortage area, and that have operated with negative margins for multiple years.

The *Rural Hospital Closure Relief Act* is supported by the Illinois Critical Access Hospital Network (ICAHN), Illinois Health and Hospital Association (IHA), and National Rural Health Association (NRHA).

Full text of today's letter is available here and below:

April 6, 2020

Dear Secretary Azar:

Thank you for your efforts to address the COVID-19 pandemic. We write to draw your attention to the acute challenges posed by the coronavirus response on rural health providers, and to urge your support for policies that uniquely reflect the existing strains on rural hospitals.

As you are aware, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P. L. 116-136), the third supplemental funding measure Congress passed to address the COVID-19 crisis, includes a new $100 billion appropriation to provide direct, emergency funding to meet the immediate needs of front-line hospitals and health providers. The CARES Act also sought to recognize the short-term challenges of rural hospitals by increasing Medicare reimbursements for COVID-19 treatments and

expanding the Medicare Accelerated Payments program to enable Critical Access Hospitals and other rural hospitals to request advance, lump payments.

To date, our rural hospitals have thankfully borne relatively less of the brunt of treating patients with COVID-19 than urban academic hospitals and other large providers. However, this is likely to change in the coming weeks as the transmission of the virus shifts. Further, rural hospitals have been forced to cancel surgeries, restrict outpatient services, expand surge staffing, acquire additional protective equipment, and construct triage structures. As the Department of Health and Human Services (HHS) implements the $100 billion funding that Congress provided, we urge you acknowledge the unique challenges of rural hospitals and providers—including by creating an expedited rural application process to address immediate cash flow needs.

Prior to the coronavirus response, rural hospitals were already facing extreme financial uncertainty—in fact, half of rural hospitals were operating on negative margins and one in four were at risk of closure even before facing this new pandemic threat. Over the past decade, 120 rural hospitals have closed. As the backbones of their communities, when a rural hospital closes, providers leave, patients lose access to care, business are hurt, and families often pick up roots.

As part of any next legislative package to respond to the coronavirus pandemic, we will continue to advocate for inclusion of our *Rural Hospital Closure Relief Act (S.3103)*. Our bipartisan legislation would provide stability to the most financially vulnerable hospitals in Illinois, Oklahoma, and across the nation by allowing them to convert to Critical Access Hospital status. Our legislation would provide flexibility around the 35-mile distance requirement for certain rural PPS hospitals that serve communities with health professional shortages, high rates of Medicare or Medicaid beneficiaries, or high rates of low-income patients, and have operated with negative margins.

We believe this important legislation for rural America aligns with proposals in the President’s Fiscal Year 2021 Budget Request, by serving as a transitional bridge for the development of new rural delivery models, while expanding upon the flexibility HHS has recently permitted for Critical Access Hospitals in response to coronavirus. We request your support, technical assistance, and public advocacy for our important, bipartisan legislation to help the most financially vulnerable rural hospitals amid this unprecedented challenge.

Sincerely,