Congress of the United States
Washington, DC 20515

March 13, 2020

The Honorable Seema Verma
Administrator
Centers for Medicare and Medicaid Services (CMS)
Room 445-G, Hubert H. Humphrey Building
200 Independence Ave. SW
Washington, DC 20201

Dear Administrator Verma:

We are writing to draw your attention to concerns regarding payment policies from CMS that could adversely impact rural hospitals.

We appreciate recent efforts the Trump Administration has put forward to address the unique challenges facing rural hospitals. Among these efforts, we would like to commend the President for establishing a White House Rural Task Force to tackle some of these challenges and address barriers to accessing health care across rural America. More than 120 rural hospitals have closed in the last 10 years alone, with many more at risk of closure. So many of our constituents rely on rural hospitals for their health needs. We should be making sure that rural America is accounted for when examining payment policies.

While CMS and other agencies within the Department of Health and Human Services have advanced various proposals to support the health needs of rural communities, we believe additional action is needed.

One such issue that may be worsening rural hospital closures is the Medicare Severity Diagnosis Related Group (MS-DRG) classification system. Each year, CMS recalibrates MS-DRG weights and includes the estimated impact of these changes in MS-DRG weights in the notice of the proposed update to the Inpatient Prospective Payment System (IPPS). Please see enclosed Appendix for the data in question.

As outlined in the IPPS rule (FY 2014-2020), rural hospitals including those designated as Sole Community Hospitals, Medicare-Dependent Hospitals and Rural Referral Centers, have been negatively impacted by these recalibrations - relative to their urban hospital counterparts - during the FY 2014-2020 timeframe. This is an alarming trend that warrants evaluation and possible reconsideration of payment policies, should CMS find it appropriate.

These specially designated hospitals help patients in rural populations access the care that they need. In many cases, these hospitals are the sole source of care inside a rural community, making their closure rates that much more concerning. Many patients living in rural communities rely heavily on these facilities for health care services with varying treatment regimens. The increasing trend of these hospital closures remains a serious threat and causes access problems for residents of our rural communities.

We urge CMS to examine this issue and consider making an adjustment, if deemed appropriate. We applaud the agency's efforts to support rural hospitals and look forward to an update from your agency on efforts being taken to examine this issue. Thank you for your attention to this letter.

Sincerely,

Fred Keller
Member of Congress

Jodey C. Arrington
Member of Congress

Roger Marshall, M.D.
Member of Congress

Mike Kelly
Member of Congress

John Moolenaar
Member of Congress

Glenn "GT" Thompson
Member of Congress

James Comer
Member of Congress

Frank D. Lucas
Member of Congress

H. Morgan Griffith
Member of Congress

Jack Bergman
Member of Congress

Jason Smith
Member of Congress

W. Gregory Steube
Member of Congress

Appendix

Weights and DRG Changes with Application of Recalibration Budget Neutrality Values Comparison Between Urban and Rural Hospitals From 2014 to 2020[1][1]								
Year	**Urban**	**Rural**	**RRC**	**SCH**	**MDH**	**SCH and RRC**	**MDH and RRC**	**Data source**
2014	0	-0.4	-0.1	-0.6	-0.7	-0.3	-0.5	IPPS 2014 Final Rule
2015	0	-0.2	0	-0.2	-0.3	-0.3	-0.3	IPPS 2015 Final Rule Correction
2016	0	-0.2	-0.1	-0.3	-0.3	-0.3	-0.3	IPPS 2016 Final Rule Correction
2017	0	-0.4	-0.1	-0.3	-0.6	-0.3	-0.6	IPPS 2017 Final Rule Correction
2018	0	0.1	0.1	-0.2		-0.1		IPPS 2018 Final Rule Correction
2019	0	-0.3	0	-0.5	-0.5	-0.2	-0.4	IPPS 2019 Final Rule Correction
2020	0	-0.1	0	-0.3	-0.4	-0.3	-0.5	IPPS 2020 Final Rule Correction
Total	**0**	**-1.5**	**-0.2**	**-2.4**	**-2.7**	**-1.8**	**-2.6**	

[1]Inpatient Prospective Payment System Rules, Table 1 Impact Analysis (FY 2014 to 2020).