National Association of Rural Health Clinics

January 15 at 9:22 AM

NARHC sent the following message to Hill staff this morning which addresses some of the issues with the RHC Modernization Policy passed in the COVID Relief Package:

Dear [Congressional Staff],

Section 130 of the Consolidated Appropriations Act of 2020 (the COVID Relief Package) significantly reformed the way rural health clinics (RHCs) are paid by Medicare. We believe this section is a major improvement for the rural health clinic program and we would like to sincerely thank Congress for opting to include this in the COVID Relief package.

The reforms contained in section 130 are a lifeline for rural health clinics owned by physicians, nurse practitioners, and physician assistants that are subject to the Medicare upper payment limit. This limit, which is currently $87.52 per visit, will now rise to $100 on April 1, and incrementally to $190 by 2028. The policy also protects our RHCs owned by critical access hospitals (CAHs) and small hospitals (less than 50 beds) by grandfathering them in at their current reimbursement levels. We strongly believe that the reforms in the COVID Relief Package put the entire RHC program on a much more sustainable track.

A key tenet of this new policy is that no RHC sees a reduction in reimbursement. This was largely achieved but a drafting error on the grandfathering date (12/31/2019 instead of 12/31/2020) in this policy means that come April 1, 2021 over 200 RHCs face the prospect of Medicare reimbursement cuts. Committee staff are already aware of this issue and are working on a fix. We hope that a correction can be passed by Congress before April 1, when these RHCs will begin to face cash flow issues.

We also hope that Congress will consider a policy solution that would allow RHCs owned by small hospitals and CAHs that are "mid-build" or "in process" as of the date of enactment to be included in the grandfathering process. Many of these hospitals and systems already invested significant amounts of time and money believing they would be able to establish their RHCs with reimbursement rates reflective of their cost per visit. We hope that Congress will create a mechanism for these entities to apply for grandfathered status so that rural hospitals and systems do not have to abandon RHC projects they initiated under a different policy environment.

Please feel free to contact me if you would like to discuss these payment reforms or if you have any questions about rural health clinics.

Sincerely,

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