

Good Afternoon -

The Rural Hospital Coalition, which has a hospital in your State, encourages you to reach out to Leadership and Finance to ask that they include the following provisions in any package that addresses the Sustainable Growth Rate ("SGR"), and to extend these along the same timeframe as the SGR. Each of these provisions helps ensure that Rural Hospitals are able to remain driving economic forces within their communities, providing both employment and vital health care services that are otherwise inaccessible in many rural areas.



Medicare Extenders

December 2011

As providers of health care in America's rural communities, we have a special understanding of the adverse impact failure to pass these extenders would have on beneficiaries and the providers on which they depend. Below is a list of provisions that have been addressed by Congress in the past. We request your attention and action to pass legislation that, at a minimum, will extend these policies beyond their current expiration.

- **Hospital wage index improvement** – Extended reclassifications under section 508 of the Medicare Modernization Act (P.L. 108-173). The estimated cost is approximately \$300 million over ten years.
 - *Medicare and Medicaid Extenders Act § 102 extends the reclassifications through FY 2011.*
- **Extension of improved payments for low-volume hospitals** – Applied a percentage add-on for each Medicare discharge from a hospital 15 road miles from another hospital^{[1][1]} that has less than 1,600 discharges during the fiscal year. The estimated cost is approximately \$200 million over ten years.
 - *Patient Protection and Affordable Care Act § 3125 made this policy effective through fiscal years 2011 and 2012.*
- **Extension of outpatient hold harmless provision** – Extended outpatient hold harmless provision and allows Sole Community Hospitals with more than 100 beds to also be

eligible for this adjustment. The estimated cost is approximately \$200 million over ten years.

– *Medicare and Medicaid Extenders Act § 108 extends the outpatient hold harmless provision through December 31, 2011.*

- **Extension of exceptions process for Medicare therapy caps** – Extended the process allowing exceptions to limitations on medically necessary therapy. The estimated cost is approximately \$900 million over ten years.
 - *Medicare and Medicaid Extenders Act § 104 extends the therapy caps exception process through December 31, 2011.*

- **Extension of payment for the technical component of certain physician pathology services** -- Extended provision that allows independent laboratories to bill Medicare directly for certain clinical laboratory services. The estimated cost is approximately \$100 million over ten years.
 - *Medicare and Medicaid Extenders Act § 105 extends the ability of independent laboratories to receive direct payments for the technical component of certain pathology services through December 31, 2011.*

- **Extension of the work geographic index floor under the Medicare physician fee schedule** – Extended a floor on geographic adjustments to the work portion of the fee schedule, with the effect of increasing practitioner fees in rural areas. The estimated cost is approximately \$600 million over ten years.
 - *Medicare and Medicaid Extenders Act § 103 extends the existing 1.0 floor on the “physician work” index through December 31, 2011.*

- **Extension of ambulance add-ons** – Extended bonus payments made by Medicare for ground and air ambulance services in rural and other areas. The estimated cost is approximately \$100 million over ten years.
 - *Medicare and Medicaid Extenders Act § 106 extended the increased Medicare rates for ambulance services, including in super rural areas, through December 31, 2011.*

- **Extension of certain payment rules for long-term care hospital services and of moratorium on the establishment of certain hospitals and facilities** – Extended Sections 114(c) and (d) of the Medicare, Medicaid and SCHIP Extension Act of 2007. The estimated cost is approximately \$200 million over ten years.
 - *Patient Protection and Affordable Care Act § 3106 extended the payment rules to July 1, 2012.*

- **Extension of physician fee schedule mental health add-on** – Increased payment rate for psychiatric services delivered by physicians, clinical psychologists and clinical social workers by 5 percent. The estimated cost is approximately \$100 million over ten years.
 - *Medicare and Medicaid Extenders Act § 107 extended the five percent increase in payments for certain Medicare mental health services through December 31, 2011.*

- **Extension of Medicare reasonable costs payments for certain clinical diagnostic laboratory tests furnished to hospital patients in certain rural areas** – Reinstated the policy included in the Medicare Modernization Act of 2003 (P.L. 108-173) that provides reasonable cost reimbursement for laboratory services provided by certain small rural hospitals. This provision in the Medicare and Medicaid Extenders Act was scored by CBO as a 0.
 - *Medicare and Medicaid Extenders Act § 109 extended this policy through July 1, 2012.*

- **Extension of Medicare Dependent Hospital Program** – Extended the designation to rural hospitals with fewer than 100 beds, not classified as an SCH and having at least 60% of inpatient days or discharges covered by Medicare. This provision in the Patient Protection and Affordable Care Act was scored by CBO as a 0.
 - *Patient Protection and Affordable Care Act § 3124 extended this policy through September 30, 2012.*

- **Extension of Community Health Integration Models** – PPACA § 3126 removed the cap on the number of eligible counties in a State. This provision in the Patient Protection and Affordable Care Act was scored by CBO as a 0.
 - *Expires September 30, 2012.*