



H.R. 8245, The Rural Hospital Stabilization Act *Rep. Feenstra (R-IA)*

Rural hospitals face financial instability due to low patient volumes.

- Critical Access Hospitals (CAHs), small rural hospitals, and Rural Emergency Hospitals are important rural facilities that, due to their location and patient population, have unique Medicare reimbursement structures.
- Medicare reimburses CAHs at **101 percent** of reasonable cost, provides REHs a monthly lump-sum payment and adds **five percent** on outpatient reimbursements, and provides small rural hospitals various adjustments and other programs intended to improve financial stability.
 - While rural hospitals have special payment mechanisms, low patient volume and reliance on government health programs contribute to significant financial challenges.
 - A majority of CAHs have an average of **less than five** inpatient patients each day.
 - In **21 states**, the median CAH has at least **20 percent** less cash on hand than the national median of hospitals.
 - From 2005 to 2022, **186** rural hospitals closed nationwide.
- Medicare's Low Volume Adjustment bonus payment provides extra funds to hospitals with low patient volumes, but CAHs are ineligible to receive them due to their cost-based payment system.
- Many small rural facilities would benefit from assistance in identifying and applying best practices with respect to maintaining and enhancing services.

Solution: The Rural Hospital Stabilization Act (H.R. 8245).

- Authorizes stabilization grants administered by the Federal Office of Rural Health Policy.
 - Struggling rural hospitals, CAHs, and REHs, as well as providers of technical assistance will be able to apply for grants.
 - For hospitals, grants may be used for minor renovations, care delivery training, hiring new staff or supplementing compensation of existing staff, and equipment acquisition.
 - For providers of technical assistance, grants may be used to help hospitals seek grants or use grant funding.
- Requires reporting on the facilities and technical assistance providers receiving grants.