

# Extensions Needed to Critical Health Care Programs

## Programs Set to Expire at End of 2024

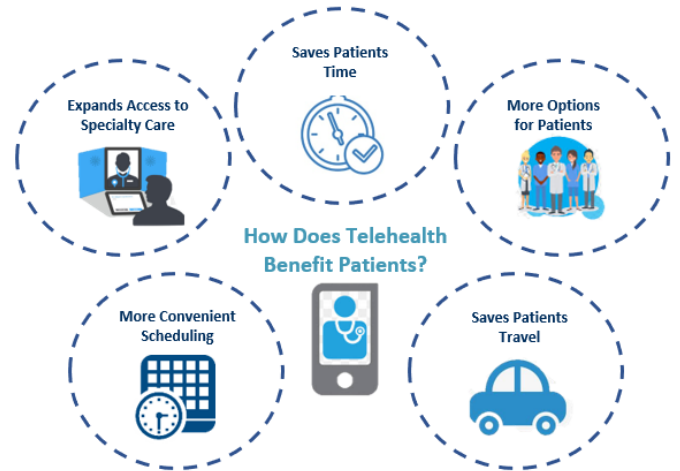
### Summary

Congress must act by the end of 2024 to preserve innovations in care, such as telehealth and the Hospital at Home program, and to allow rural “tweener” hospitals to stay afloat.

### Preserving Telehealth Gains – Geographic and Site Restrictions; Audio Only

Prior to waivers granted during the COVID-19 pandemic, Medicare had geographic and site restrictions. This means it only reimbursed for telehealth care provided to patients located in rural, health professional shortage areas (geographic) who traveled to a health care facility (site) to receive telehealth. The COVID waivers have unleashed the potential of telehealth which has expanded availability of services and led to more convenient care options for patients and practitioners alike.

Additionally, Medicare has continued to allow audio-only telehealth services for Medicare patients who are either uncomfortable using video applications or are unable due to poor internet coverage.



### Preserving the Hospital at Home Program

CMS began a program called “Acute Hospital Care at Home” during the COVID pandemic. This innovative program allows patients to receive an inpatient level of care for certain approved services in the comfort of their own home and has been tremendously popular.

Hospital at Home is a rare “win-win” proposition. Not only do patients prefer to receive treatment at home (with some studies showing reduced complications and shorter lengths of stay), but the program also frees up physical space at hospitals to reserve room for patients with higher-acuity needs. Additionally, initial studies have shown either savings or at least net-neutral cost to the Medicare program. There are currently five Wisconsin-based health systems approved for this program (with a sixth expected shortly) as well as six other approved systems based in other states that also have a Wisconsin presence.

### Care Innovations Critical for Addressing Workforce Shortages

Telehealth and Hospital at Home are key in assisting hospitals combat workforce shortages. Hospitals are currently utilizing telehealth to extend specialty care to more remote areas of the state and to staff essential services like hospitalists and ICUs when other providers are unavailable, often during late-night shifts.

Similarly, the Hospital at Home program helps hospitals free up onsite staff for higher-acuity care by serving approved lower-acuity patients in their own homes with trained home-based care providers working in tandem with hospital staff to treat episodes such as infections, respiratory, circulatory, and kidney care with the same level of care of an inpatient stay.

### Please Extend Critical Health Care Programs

Extensions are needed in a year-end package for the following programs to ensure important innovations in care and programs that sustain rural “tweener” hospitals may continue:

- Telehealth
- Hospital at Home
- Medicare Dependent & Low Volume Adjustment

### WHA Ask:

**Please work to ensure these important programs are extended by the end of 2024 without using pay-fors that would financially endanger fragile hospitals and health systems.**

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April 2024



## Protecting “Tweener” Hospitals by Extending Medicare Dependent and Low Volume Adjustment Programs

Congress established the Medicare-Dependent Hospital (MDH) program in 1987, allowing hospitals with 100 or fewer beds that serve a high proportion of Medicare patients to receive a slightly enhanced reimbursement compared to the normal payment rate larger hospitals receive under the Centers for Medicare and Medicare Services (CMS) prospective payment system. These payments allow MDHs greater financial stability and leave them better able to serve their communities.

Similarly, Congress established the Low-Volume Hospital adjustment (LVH) in the Medicare Prescription Drug, Improvement and Modernization Act of 2003 in response to a report from the Medicare Payment Advisory Commission (MedPAC) that warned about a widening gap between rural and urban hospital profitability. Congress expanded the program in 2010 and reauthorized it again in the Bipartisan Budget Act of 2018. The LVH program gives rural hospitals with low volumes between a 0-25% payment boost on a sliding scale based on their low volumes.

**Unfortunately, both programs are set to expire at the end of 2024 and must be reauthorized by Congress to avoid serious cuts for Wisconsin hospitals.**

### The MDH and LVH Programs Help Hospitals Offset Losses from Medicare and Medicaid

Most rural hospitals in Wisconsin operate with fewer than 25 inpatient beds as critical access hospitals (CAHs) and are eligible to receive close to break-even rates from Medicare. However, rural hospitals above

that threshold or that were otherwise ineligible for the CAH program would receive the normal prospective payment rate that larger hospitals receive which amounts to about 73% of the cost to provide care in Wisconsin. For this reason, we sometimes refer to these hospitals as “tweeners,” as they are generally too big to be rural CAHs but also too small to have the volume of patients normal PPS hospitals have to offset Medicare and Medicare losses – they are somewhere in-between. **Losing MDH or LVH status would make it extremely difficult for them to operate since they do not have the same volumes of privately insured patients to offset losses from Medicare and Medicaid.**

WI Annual Impact of Losing MDH & LVH Designations		
Congressional District	# Hospitals Impacted	Est. Annual Impact
Bryan Steil	2	-\$4.67 million
Mark Pocan	3	-\$3.48 million
Derrick Van Orden	2	-\$1.99 million
Scott Fitzgerald	3	-\$3.27 million
Glenn Grothman	4	-\$4.00 million
Tom Tiffany	2	-\$1.95 million
<b>Statewide</b>	<b>16</b>	<b>-\$19.35 million</b>
<i>Source: AHA Analysis of 2023 IPPS Rule</i>		

### Medicare Underpayments are a Growing Problem for Wisconsin Hospitals

Because Wisconsin is an aging state, it is seeing a large shift in people moving off private insurance and onto Medicare. In fact, as of 2022, Wisconsin was tied for 11<sup>th</sup> among states with the highest percentage of their population covered by Medicare, at 21%. Due to this, **annual Medicare underpayments to Wisconsin hospitals have grown from \$1.77 billion in 2016 to \$3.3 billion in 2022, an 86% increase in 6 years.** This problem can be particularly challenging for rural areas which tend to have a higher percentage of their population at a Medicare eligible age.

### The Same MDH and LVH Hospitals are Facing the Threat of Site-Neutral Cuts Under the House-Passed HR 5378

Despite some groups arguing that rural hospitals have not been targeted by site-neutral payment cuts, the drug administration cuts to off-campus hospital outpatient departments proposed under H.R. 5378 would apply to these tweener hospitals since they are paid under the PPS system. **The prospect of losing MDH status combined with such proposed site-neutral payment cuts would be a devastating one-two punch for these hospitals, many of which are already operating at either negative or extremely thin margins. For this reason, it is absolutely critical that Congress does not attempt to fund extensions of these important health care programs by utilizing hospital site-neutral payment cuts as pay-fors.**

Congressional District	10 Year Impact of HR 5378
Bryan Steil	-\$3.4 million
Mark Pocan	-\$1.9 million
Derrick Van Orden	-\$4.5 million
Gwen Moore	-\$43.3 million
Scott Fitzgerald	-\$12.6 million
Glenn Grothman	-\$9.4 million
Tom Tiffany	-\$0.26 million
Mike Gallagher	-\$14.7 million
<b>Statewide</b>	<b>-\$90.2 million</b>