

For Immediate Release
Tuesday, July 22, 2008

Grassley works to improve fiscal health of hospitals in Iowa

WASHINGTON — Iowa hospitals in Spencer, Spirit Lake, Fort Madison, Muscatine, Carroll, Grinnell, Newton and Keokuk would be given better treatment by the Medicare program and be put in a stronger position to provide health care services to people in their communities and local areas, thanks to legislation introduced today by Senator Chuck Grassley.

Grassley said these eight hospitals are called “tweener” hospitals in the health policy world because they are too large to be designated as critical access hospitals but too small to be financially viable under the Medicare hospital prospective payment system which is designed for larger operations.

“These hospitals are the backbone of the rural health care system, and there’s no justification for Medicare not recognizing their unique situation and vital role,” Grassley said. “I’m committed to doing everything I can to make sure they’re treated fairly and not left in a perilous situation with Medicare.”

There are “tweener” hospitals across the country, and changes were made in recently passed Medicare legislation to address payment system problems for some but not all of these hospitals. Grassley said the changes failed to deal with the issues for most of the eight “tweener” hospitals in Iowa.

Most “tweener” hospitals are designated as Medicare Dependent Hospitals and Sole Community Hospitals under the Medicare program. The Medicare bill that just became law improves payments for Sole Community Hospitals but contained no provisions that benefit Medicare Dependent Hospitals. Grassley’s “Rural Hospital Assistance Act of 2008” would benefit Medicare Dependent Hospitals by not adjusting their payments for area wages unless it would result in improved payments. It would also improve the existing low-volume add-on for low-volume rural hospitals, both Medicare Dependent and Sole Community, so that more rural facilities with low volumes would receive the assistance they need.

Grassley is the Ranking Member of the Senate Committee on Finance, which is responsible for Medicare legislation. He is a longtime leader in Congress for rural health care needs. As Chairman of the Finance Committee in 2003, he shepherded through Congress the bill that created the Medicare Part D prescription drug benefit. The text of Grassley’s floor statement marking introduction of the new legislation is below.

The Iowa hospitals that would benefit from this legislation are Spencer Hospital, Lakes Regional Health Care in Spirit Lake, Fort Madison Community Hospital, Unity Healthcare in Muscatine, St. Anthony Hospital in Carroll, Grinnell Regional Hospital, Skiff Medical Center in Newton and the Keokuk Area Hospital.

Floor Statement of U.S. Senator Chuck Grassley of Iowa

Introduction of the Rural Hospital Assistance Act of 2008
Tuesday, July 22, 2008

Mr. President, I am pleased to introduce the Rural Hospital Assistance Act of 2008.

Back in December, I stood before this body explaining that we were only passing a six-month Medicare bill in order to provide the opportunity for us to address a number of priorities. One of the biggest priorities I identified was the need to ensure access to rural hospital services.

The type of rural hospitals that top the priority list are what are known as "tweeners." These hospitals are too large to be critical access hospitals, but too small to be financially viable under the Medicare hospital prospective payment systems. It is absolutely imperative that these tweneer hospitals get the assistance they need in order to keep their doors open. They are often not only the sole provider of health care in rural areas, but are also significant employers and purchasers in the community. Also, the presence of a hospital is essential for purposes of economic development because businesses check to see if a hospital is in the community in which they might set up shop.

While the Medicare bill that Congress just enacted improves the situation for some tweeners, many more are left in financial peril. Mr. President, it is unfortunate that comprehensive payment reforms for tweneer hospitals were not included in the bill that just passed. As you know, I have long proposed a number of tweneer payment improvements in previous bills this Congress and they were included in the agreement that Senator Baucus and I reached for this year's Medicare bill. Unfortunately, the core tweneer hospital payment improvements were dropped from the bill once the process became partisan.

It is for this reason that I am introducing this bill. We must improve the financial health of tweneer hospitals and ensure that people have access to health care.

Mr. President, most tweneer hospital are currently designated as Medicare Dependent Hospitals and Sole Community Hospitals under the Medicare program. While the bill that recently passed Congress improves payments for Sole Community Hospitals, there are no provisions that benefit Medicare Dependent Hospitals. This bill would benefit Medicare Dependent Hospitals by not adjusting their payments for area wages unless it would result in improved payments

Also, a major driver of the financial difficulties that tweneer hospitals face is the fact that many have relatively low volumes of inpatient admissions. Back when we passed the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, I made sure that this law included an add-on payment for low volume rural hospitals. This bill would improve the existing low-volume add-on payment for hospitals so that more rural facilities, both Medicare Dependent Hospitals and Sole Community Hospitals, with low volumes would receive the assistance they desperately need.

And to offset the increases in spending from these tweneer hospital payment

improvements, this bill would address another priority that we wanted to include in a more comprehensive Medicare bill. Many know my position regarding physician owned hospitals and my concern about the effect these facilities have on health care access and costs as well as patient safety. There has been much debate regarding these facilities over the years especially with physician owned limited service hospitals. This bill would eliminate the exceptions under the physician self-referral laws for physician-owned hospitals and provide a limited exception for existing facilities.

Mr. President, as you can see, we still have much to do when it comes to ensuring access to health care in rural America. I look forward to working with my colleagues on this urgent matter.

Thank you, Mr. President. I yield the floor.