

United States Senate Committee on Finance

For Immediate Release
Monday, Aug. 25, 2008

Baucus, Grassley Work to Protect Rural Health Clinics

WASHINGTON – Sen. Max Baucus, chairman of the Committee on Finance, and Sen. Chuck Grassley, ranking member, are concerned that a proposed change to the existing Medicare requirements for rural health clinics would force some clinics to close. The senators are seeking an extension of the public comment period on the proposed changes to allow states and clinics more time to weigh in.

Baucus said, “If finalized, this CMS rule would undermine access to care in rural areas. The method CMS has proposed for certifying rural health clinics doesn’t make sense and will jeopardize the sustainability of crucial clinics in Montana and throughout the country. I call on CMS to extend the comment period so that the effects of this ill-conceived proposal can be thoroughly considered.”

Grassley said, “Rural health clinics are often the only health care option for people in rural communities. That’s especially true with high fuel costs that make it harder to travel long distances to cities for health care. An additional 60 days for public comment on the proposed changes would allow states and clinics more time to evaluate the effects on health care access in Iowa and other rural states.”

A proposed rule issued by the Centers for Medicare and Medicaid Services on June 27 would change many of the existing requirements for rural health clinics. Comments on the proposed rule are due August 26, 2008. Baucus and Grassley are asking for an extension of the comment period for an additional 60 days to allow states and clinics more time to analyze the likely effects of the proposed rule and its potential for closing rural health clinics in many areas of the country. Separately, Sens. Gordon Smith and Ron Wyden, also members of the Finance Committee, sent a letter, co-signed by 12 other senators, asking for additional information and requesting an extension of the comment period.

The text of the Baucus-Grassley letter follows here.

August 22, 2008

The Honorable Michael O. Leavitt
Secretary
United States Department of Health and Human Services
200 Independence Avenue, SW
Washington, D.C. 20201

Dear Secretary Leavitt:

The U.S. Senate Committee on Finance (Committee) has jurisdiction over the Medicare and Medicaid programs and, accordingly, a responsibility to the more than 80 million Americans who receive health care coverage under those programs to oversee the proper administration of the programs. We are writing to express our concerns about the proposed rule issued by the Centers for Medicare and Medicaid Services (CMS) regarding “Changes in Conditions of Participation Requirements and Payment Provisions for Rural Health Clinics and Federally Qualified Health Centers” which was published in the Federal Register on June 27, 2008. Comments on the proposed rule are due by August 26, 2008. We urge you to extend the comment period for an additional 60 days for the reasons stated below.

The CMS proposed rule includes many potential changes to existing CMS policies regarding rural health clinics (RHCs), some of which could adversely affect the continued viability of these clinics in many areas of the country. According to CMS, there are approximately 3,705 RHCs operating today, of which approximately 500 no longer meet the existing location requirements either because they are not in an area designated as “nonurban” by the U.S. Census Bureau or they are not designated by the Health Resources and Services Administration (HRSA) as being in an eligible shortage area. Rural health clinics are in the midst of attempting to analyze the impact of the proposed changes and the ramifications of the CMS proposal on their clinic operations. However, in view of the significant adverse consequences on the continued existence of rural health clinics in many areas that could result from this rule being finalized in its current form, it is essential that CMS allow sufficient time for states and clinics to analyze the likely impact of these changes and provide detailed comments.

One area of serious concern is the lack of consistency between the re-evaluations of shortage area designations performed by HRSA and CMS. Although HRSA is technically required to designate shortage areas every three years, it is common practice for HRSA and states to do re-evaluations in the fourth year as well. Under the CMS proposed rule, if an RHC is located in an area where the HRSA shortage area designation is more than three years old, the clinic could be decertified. This would be devastating to the rural health clinic program and to the rural areas and populations they serve. Rural health clinics should not be jeopardized with closure because a shortage area designation has not been updated in a timely fashion by the state or federal government.

Another concern is the proposed decrease in Medicare reimbursement for RHCs. Rural health clinics are often the only place where those in rural areas can obtain essential medical services. Rural clinics in Iowa could be severely impacted by the proposed payment changes since RHC costs in Iowa are already higher than the existing Medicare reimbursement cap. We are concerned about the impact on Montana RHCs as well. The CMS proposed rule would mandate an additional 20% decrease in reimbursement for Medicare beneficiaries, a large percentage of the patient population of many RHCs. Clinics are concerned that this decrease in payment could cause many RHCs to close, even though they have served rural populations very well for many years.

RHCs often provide the only available primary and pediatric health care services, as well as serving Medicare beneficiaries. Individuals in rural and medically underserved areas often have no other way to obtain health care, especially if they are unable to travel to urban centers for medical treatment. Should clinics in underserved areas be forced to close due to the proposed changes, it will be very difficult for them to reopen, and beneficiaries in rural areas could be denied access to critical medical services.

In light of these serious concerns, we strongly urge you to extend the deadline for comments on the proposed rule for an additional 60 days so that rural health clinics can have an opportunity to analyze the proposed rule thoroughly and submit well-informed comments on the proposal.

Thank you for your attention to this important matter.

Sincerely,

Senator Max Baucus
Chairman

Senator Charles Grassley
Ranking Member

cc: The Honorable Kerry Weems