

**THE SOLUTION:**

**Make Medicare-Dependent Hospital program permanent.**

**Make Low-Volume Hospital higher threshold permanent.**

**SUMMARY**

*The Medicare-Dependent Hospital program and the Low-Volume Hospital program's amended payment adjustments are crucial to keep Kansas' health care provider network strong. Laws undergirding both were set to sunset last year, but Congress chose to extend them for federal fiscal years 2023 and 2024.*

*KHA believes these laws should be made permanent since the MDH program and the LVH program adjustments have become critical to the financial health of hospitals providing care in rural Kansas.*

**MEDICARE-DEPENDENT HOSPITAL AND JEOPARDIZED FUNDING**

The Medicare-Dependent Hospital program designation was created to reimburse hospitals with 60 percent or more inpatient days, discharges from Medicare patients and 100 or fewer beds at a higher rate. MDHs are located in rural areas, especially midsize communities, and serve large populations of aging Kansans. By being reimbursed for large Medicare volumes, MDHs are able to recapture the costs associated with elderly care.

There has been discussion to sunset the MDH designation. While Congress has extended this date from year-to-year, there is still great uncertainty about the future of rural hospitals in many communities should the designation end. Additionally some economic data used to calculate MDH payments date to the 1980s and has not kept pace with rising inflation.

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**LOW-VOLUME HOSPITALS AND JEOPARDIZED FUNDING CONTINUED...**

Hospitals with declining populations are served by the Low-Volume Hospital program by providing an additional 25 percent payment adjustment.

Currently, the threshold to receive this additional payment is hospitals with 3,800 or less annual discharges. Without making this higher threshold permanent, the threshold could be lowered to 500 annual discharges. This would jeopardize many mid-size Kansas hospitals who depend on the additional funding.

**A CONGRESSIONAL SOLUTION**

By making the MDH program and the LVH higher threshold permanent, you allow Kansas hospitals to plan for the future more confidently by adding a steady stream of stabilized funding. Further, KHA believes that a new base year should be added so that a hospital's MDH payment calculation is related to economic data more recent than the 1980s.



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