Rural Health Clinics Modernization Act ~ Policy Narrative

First signed into law by President Jimmy Carter in 1977, the rural health clinic program was designed to improve access to health care in rural, underserved areas. Over forty years later, we are happy to report that there are approximately 4,400 rural health clinics, providing quality care to patients in rural and underserved areas. However, the program is in desperate need of modernization if we are to succeed for another forty years.

The rural health clinic reimbursement model is designed to reimburse clinicians based on the costs of delivering care in rural areas. Rural health clinics report their costs annually and Medicare calculates a per visit "all-inclusive rate" for each rural health clinic for the next year. Unlike, a traditional clinician's office, rural health clinic payment does not vary based on the CPT code billed. Instead, the rural health clinic receives the exact same "all-inclusive rate" reimbursement for every visit, regardless of the services performed by the clinician during that visit.

However, due to the increasingly burdensome and outdated statutory language regarding the upper limit on Medicare reimbursement (often referred to as the cap), some rural health clinics are reimbursed far below their actual costs to deliver care. Due to these pressures, since 2012, 388 rural health clinics have closed impacting around 3.87 million residents' access to care.

The current statutory limit on reimbursement was established in 1988 at $46 per visit with an annual adjustment based on the Medicare Economic Index (MEI). Unfortunately, healthcare and healthcare costs have increased significantly since 1988 and the MEI has not adequately reflected these changes. As a result, the 2019 limit on reimbursement, $84.70, is far below the average costs per visit in RHCs: $130.86.

The Rural Health Clinics Modernization Act of 2019 makes vital changes to Medicare reimbursement policy by increasing this upper limit to a level that better reflects the cost of delivering care in rural America. If we cannot fix this policy, we fear that many more rural health clinics will close and millions more residents will lose access to care.

The Rural Health Clinics Modernization Act of 2019 also addresses several other outdated aspects of the RHC statute and Medicare Conditions for Certification that have not been updated since the creation of the program in 1977. These changes include:

- Aligning federal scope of practice laws for Physician Assistants and Nurse Practitioners with state scope of practice laws;
- Modernizing outdated lab requirements;
- Allowing RHCs to be the distant-site in a telehealth visit.

Upper Limit on RHC Medicare Reimbursement (Cap) vs. Average Cost per Visit

Year	RHC Cap	Average Cost
2012	$78.54	$106.28
2013	$79.17	$109.67
2014	$79.80	$112.21
2015	$80.44	$117.16
2016	$81.32	$119.82
2017	$82.30	$123.30
2018	$83.45	$127.02
2019	$84.70	$130.86
2020	$86.22	$134.81
2021	$87.78	$138.87
2022	$89.36	$143.07
2023	$90.97	$147.38
2024	$92.60	$151.83
2025	$94.27	$156.42
2026	$95.97	$161.14
2027	$97.69	$166.00
2028	$99.45	$171.01
2029	$101.24	$176.17

Y-axis: $20.00, $40.00, $60.00, $80.00, $100.00, $120.00, $140.00, $160.00, $180.00, $200.00

Legend: RHC Cap, Average Cost