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Hatch Opening Statement at Finance Committee Hearing on Improving Health Care in Rural America

WASHINGTON – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a hearing to examine the challenges and discuss ways to improve health care in rural America:

The topic today is rural healthcare, which is a critical issue for virtually every member of this committee.

I have long considered it a special mission to create the same rural payment opportunities that many of our nation's urban counterparts enjoy.

Representing a western state, I understand the challenges our rural hospitals and providers face to deliver high-quality medical care to families in environments with more limited resources.

In the Senate, rural healthcare policy boasts a long history of collaboration and cooperation on both sides of the aisle.

Take, for example, back in 2003 when we passed the Medicare Modernization Act. The MMA included a comprehensive healthcare package tailored specifically with rural communities, hospitals, and providers in mind.

The MMA finally put rural providers on a level playing field with their neighbors in larger communities.

The law also put into place commonsense Medicare payment provisions that help isolated and underserved areas of the country provide access to medical care as close to home as possible.

However, while the vast majority of rural health payment policies enacted in the MMA were permanent, some were only temporary.

In the years following, those temporary provisions have become known as the Medicare extenders.

As many of us know, the problem with extenders is that annual debate over necessary funding often takes priority over developing a more robust strategic plan for the future.

Although some partisan and bipartisan healthcare policies have since altered Medicare payments, many rural and frontier healthcare providers still face significant obstacles attempting to successfully participate in Medicare's delivery system reforms and bundled payment arrangements.

While these changes continue to emphasize new ways to pay providers, Medicare's existing strategies to preserve access to healthcare in rural areas still rely on special reimbursement programs that either supplement inpatient hospital payment rates or provide cost-based hospital payments.

Now, these special payment structures may work just fine in certain parts of the country.

But even with a wide range of special Medicare rural payment programs, some smaller communities are home to hospitals that still find it hard to achieve financial stability.

The reasons, as we will learn from the expert witness panel with us here today, are complex and multifaceted.

For example, when compared to their urban counterparts, on average, the four million Medicare beneficiaries living in rural and frontier areas are less affluent, suffer from more chronic conditions, and face higher mortality rates.

To make matters worse, small, rural hospitals continue to be more heavily dependent on Medicare inpatient payments as part of their total revenues. At the same time, we are seeing a steady, nationwide shift away from inpatient care to providers offering more outpatient services.

Many rural hospitals serve as a central hub of community service and economic development, but some struggle to keep their facilities operating in the black in order to meet local demands for a full range of inpatient, outpatient, and rehabilitation services.

Resolving these issues is no easy task.

Clearly, for some communities, Medicare's special rural payment structures may stifle innovations that could pave the way for more sustainable rural healthcare delivery systems.

One consistent theme that we will hear from our witnesses today is the need for flexibility.

They are not asking Congress for a one-size-fits-all federal policy.

They want the flexibility to design innovative ideas that are tailored to meet the specific needs of the communities they serve.

They need the federal government to support data-driven state and local innovations that have the promise to achieve results—increasing access to basic medical care, lowering costs, and improving patient outcomes.

But the federal government cannot tackle this challenge alone.

While I was pleased to see CMS release its rural health strategy earlier this month, I believe that this administration, led by HHS Secretary Azar, still needs to improve coordination across all agencies within the department to help prioritize new rural payment models while also reducing regulatory burdens on rural and frontier providers.

State and local officials must be aggressive in their efforts to design transformative policies and programs that meet their unique rural health care needs.

And the federal government should listen.

In my view, states should be the breeding ground to test new ideas.

However, it is not sustainable for every small town to have a full service hospital with every type of specialty provider at its disposal.

That is why it is so important for rural communities to work together, share resources, and develop networks.

The federal government must continue to recognize the important differences between urban and rural healthcare service delivery and respond with targeted, fiscally responsible solutions.

By pooling our knowledge, expertise, and financial resources, we can work together to develop targeted payment policies that ensure appropriate access while also protecting Medicare beneficiaries and American taxpayers.

I am looking forward to hearing some of those innovative ideas from our witnesses today.

But before I turn to Ranking Member Wyden, I want to bring one important item to the attention of the committee.

The Medicare Payment Advisory Commission – otherwise known as MedPAC—has submitted a statement for the record outlining the commission’s latest recommendation aimed at ensuring access to emergency department services for Medicare beneficiaries living in rural communities.

I encourage all members to review MedPAC’s statement and ask that it be made part of the official hearing record.

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