

Save Rural Hospitals Act of 2021

By Senators Mark R. Warner, John Cornyn, Marsha Blackburn, and Rev. Raphael Warnock

Background:

Rural hospitals are closing at an alarming rate with more than [130 rural hospitals](#) around the nation having closed since 2010. Unfortunately, rural hospital closures accelerated to record levels during the COVID-19 pandemic – more than [20 rural hospitals](#) closed in 2020. Low patient volumes and significant financial strain are often the primary factors in these rural hospital closures. In most of these cases, financial strain for rural hospitals is compounded by the flawed Medicare Area Wage Index that results in rural hospitals receiving lower payment rates.

The Medicare Area Wage Index, a formula used by Medicare to reimburse hospitals, is much lower for health care providers in rural communities, due to the fact that the formula is based on labor costs, which vary across the country. This flawed formula often results in disproportionately low Medicare reimbursement payments to hospitals in rural and low-wage areas.

What this bill does:

The Save Rural Hospitals Act of 2021 would help curb the trend of hospital closures in rural communities by making sure hospitals are fairly reimbursed for their services by the federal government. This legislation comes at a crucial time during the COVID-19 public health emergency and as hospitals in rural areas continue to lose needed revenue despite playing an essential role in serving their communities and providing lifesaving care during the biggest public health crisis in a century.

Specifically, the legislation would establish an appropriate national minimum (0.85) for the Medicare Area Wage Index to ensure that rural hospitals receive fair payment for the care they provide, while preserving the existing reimbursements for urban hospitals. This legislation would also help ensure fairness in reimbursements for hospitals across the country – including the many hospitals that are facing closures in rural areas – and fix severe and disproportionate disadvantages that unfairly penalize hundreds of communities and hospitals across the United States.

Supporting Organizations:

National Association of Rural Health Clinics, Ballad Health System, National Rural Health Association, Virginia Rural Health Association, Virginia Hospital and Healthcare Association, Tennessee Hospital Association, University of Tennessee Medical Center (UTMC), Covenant Health and Blount Memorial Hospital