

November 21, 2003

To: House and Senate Health LAs
From: Bill Finerfrock
Executive Director
National Association of Rural Health Clinics
Re: Medicare Conference Agreement

As you review the Conference Report on the Medicare prescription drug legislation, I wanted to bring something to your attention that was excluded from the final version of the bill:

An increase in the Medicare cap for Federally Certified Rural Health Clinics.

As you know, RHCs receive cost-based payments up to a statutorily prescribed cap. That cap was set in place in 1988 and has only been adjusted for inflation since then. Each year since 1988, more and more RHCs have fallen behind in terms of their costs outpacing the RHC cap.

The Medicare bill reported by the Senate Finance Committee and approved by the Senate included language raising the Rural Health Clinic cap to \$80 per visit. This came as welcome news to the more than 3,500 federally certified rural health clinics located in rural underserved areas throughout the United States as a majority are now reporting costs in excess of the cap.

For most rural underserved communities, Rural Health Clinics are the only primary care providers. Equally important, nearly 75% of the RHC's patients are Medicare, Medicaid or are uninsured. It is also important to note that although RHCs provide a significant amount of care to the uninsured, unlike FQHCs, Rural Health Clinics are not paid to care for the uninsured.

By failing to adjust the cap, Congress is exacerbating a growing disparity between federally certified Rural Health Clinics and Federally Qualified Health Centers. It should also be noted that the Conferees authorized the payment of Medicare "wrap-around" payments to FQHCs should payments from private Medicare Advantage plans not be equivalent to

payments the FQHC would have received from traditional Medicare. No similar financial protection is afforded RHCs or any other Medicare covered provider.

The following are the Medicare caps for urban FQHCs, rural FQHCS and Rural Health Clinics:

Urban FQHCs	\$103.18 per visit
Rural FQHC	88.71 per visit
Rural Health Clinic	66.72 per visit

Please note that these caps are for providing virtually identical services.

I'm sending you this message with the realization that the failure of the conferees to include the increase in the RHC cap may not be sufficient to sway your vote on final passage. But I do want you to know that this is a serious problem and it will have significant consequences for the ability of RHCs to continue to provide care in rural underserved areas.

Numerous studies have documented the valuable service RHCs provide in extending care to communities that have traditionally had difficulty attracting or retaining primary care providers. Your consideration of these points is appreciated. If you would like any additional information on the RHC program either nationally or in your state, please do not hesitate to contact me.

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