

MDH AND LVH PROGRAMS

THE SOLUTION

Make the Medicare-Dependent Hospital program permanent.

Make the higher threshold in the Low-Volume Hospital program permanent.

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 continue to see short-term extensions, including in the FY26 budget that extended both through 2026, but persistently risk sunseting.

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 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 this designation end. Additionally some economic data used to calculate MDH payments date to the 1980s and has not kept pace with rising inflation.



LOW-VOLUME HOSPITALS AND JEOPARDIZED FUNDING

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 various mid-size Kansas hospitals who depend on the additional funding.

FEDERAL: MDH AND LHV PROGRAMS CONTINUED ...

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A CONGRESSIONAL SOLUTION

By making the MDH program permanent and the higher threshold permanent in the LVH program, 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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