

# A Leg Up for Rural Hospitals

But tweaked Medicare reimbursement index could hurt urban hospitals.



Rural hospitals have been closing at an alarming rate—over 100 since 2010. In light of that, Centers for Medicare & Medicaid Services (CMS) this year proposed a plan to increase Medicare reimbursements to rural hospitals. If that happens, Alabama's mostly rural hospitals, for example, would get an additional \$43 million from Medicare in 2020.

Rural hospitals' gain, however, would come at urban hospitals' loss. That's because legally, the overall federal Medicare budget must remain fixed.

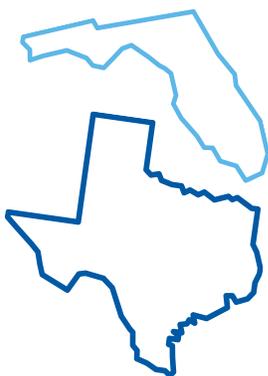
At issue is a controversial regulation known as the Medicare Wage Index. Created in the 1980s, the Wage Index was intended to give urban hospitals more funding in order to help offset higher operating costs. But how "more" is calculated has long been a point of contention. U.S. Secretary of Health and Human Services Alex Azar calls the Wage Index "one of the more vexing issues in Medicare."

The American Hospital Association supports increasing the index for low-wage (rural) hospitals. "However, this should not be accomplished by penalizing other hospitals, especially in light of the fact that Medicare currently reimburses all inpatient [Prospective Payment System] hospitals below the cost of care," the organization wrote in a June letter to the CMS, responding to the agency's proposed rule change. "Importantly, CMS is not bound by statute to apply budget neutrality for Wage Index modifications as proposed."

The rule went into effect Oct. 1 of this year.



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Florida recently became the second state, and Texas is currently paving the way.

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# Medicaid Gets a Lyft

Ride-sharing companies are registering as providers.

Receiving health care services often requires transportation. But each year, 3.6 million Americans miss appointments or delay diagnoses and treatment because they have no way to get to their providers, according to a National Conference of State Legislators report.

The ride-share company Lyft can now offer a solution to some Medicaid patients in need. In May, Arizona became the first U.S. state to register national ride-sharing companies as Medicaid providers, with Lyft becoming the first to register. The company now offers nonemergency medical transportation to the 23% of Arizonans covered under Medicaid, enabling them to be reimbursed for qualifying Lyft rides. Uber is working to get approved to transport Medicaid members in the state as well.

"This is a significant step forward in medical transportation services, and we look forward to seeing its positive impact," Jami Snyder, director of Arizona's Medicaid agency, said in a statement.

Other states are following Arizona's lead. In July, Florida became the second state to allow Lyft to provide this service to Medicaid recipients. Texas has been paving the way for such a law as well.

Lyft and Uber see opportunities in the Medicare space as well. As momentum to address social determinants of health grows, the competing ride-share giants are trying to persuade Medicare Advantage payers to cover more nonmedical services like transportation. Uber wants to partner with companies in the home-based care industry, for example.

"The old way is caregivers getting into their own cars or a home care agency having to have its own fleet of vehicles.... I think [providers] are starting to see the power of ride-share," Dan Trigub, head of Uber Health, told Home Health Care News earlier this year.

