

September 5, 2025

Dear Rural Health Care Leader,

Throughout my annual 99-county tour of Iowa, I visit with rural health care leaders at their local hospital, pharmacy, or clinic. It is the best way to understand rural health care challenges. Through these visits, I have gained knowledge and ideas to solve pressing rural health care challenges. Access to emergency and primary health care services is a basic quality of life issue for a resident of any size community. In 2015, I began a legislative effort to establish what is now known as the Rural Emergency Hospital (REH) designation under Medicare.¹ REHs established more flexibility for rural hospitals by giving them a new voluntary Medicare designation to operate without a hospital inpatient unit while still retaining a 24/7 emergency department, ambulance services, and outpatient services.² The REH designation supports struggling rural hospitals by allowing them to voluntarily right-size their health care infrastructure while maintaining essential medical services for their rural community. Given my commitment to improving rural health care and the success of REHs,³ I am seeking your feedback on the REH designation to learn about how we can further improve rural health care.

Since 2023, REH has been operational in states where hospital licensing rules allow. The REH designation has been beneficial for many rural communities to maintain health care services close to home. Some states are still establishing the necessary flexibility to allow REHs to operate under their hospital licensing rules, regulations, or certificate of need laws.⁴ While this state effort is ongoing, the REH designation has been an option under federal law for rural hospitals since January 2023. To date, 42 hospitals have transitioned to an REH designation and are still operating.⁵

To better understand the challenges rural hospitals and communities face when considering converting to an REH and their ongoing experiences under the REH designation, I request your feedback on the following questions by no later than November 14, 2025:

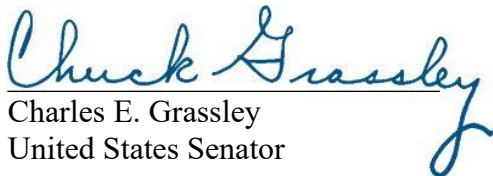
1. What were the primary factors for your hospital becoming an REH designation?
2. Did your hospital make capital investments to improve its building infrastructure and/or information technology during the transition (or early on) to becoming an REH? If so, how?
 - a. Was this investment larger than your annual REH fixed facility fee amount? If so, how much?
 - b. What building infrastructure and/or technology information investments did you hold off on doing during the transition to becoming a REH? If any, was this capital expenditure larger than your REH fixed facility fee amount?

3. How was your hospital's experience working with state or local regulators in transitioning to an REH? Please list what state regulators you worked with and for what purpose, if any.
4. What was your hospital's experience in submitting your REH application to CMS? Are there areas for improvement for CMS?
5. REHs are reimbursed under Medicare fee-for-service at 105 percent from the Hospital Outpatient Prospective Payment System (OPPS) schedule, along with a monthly fixed facility fee. How has this reimbursement improved or stabilized your hospital's finances?
 - a. Are there certain services your hospital wants to provide, but cannot due to a lack of or low reimbursement? If so, which ones and what would improve the feasibility of providing them?
 - b. Please describe your hospital's contracting and reimbursement experience with Medicare Advantage organizations.
 - c. Please describe your hospital's contracting and reimbursement experience under Medicaid and with commercial insurance plans.
6. Under Medicare fee-for-service, please describe your hospital's quality measures reporting experience and any other administrative work required under Medicare.
7. What has been your experience in working with a nearby hospital(s) to establish a transfer agreement to transfer a patient in your REH to a hospital with an inpatient unit? Please describe lessons learned in developing this transfer agreement and experiences so far.
8. What federal or state programs do you utilize to support your workforce at your hospital? Are there any federal programs you do not utilize, but would be interested in?

I am committed to ensuring REH remains a viable tool for rural hospitals and their communities where it makes sense to maintain a 24/7 emergency department, ambulance services, and outpatient services without an inpatient unit. We know the existence of a rural hospital contributes to economic growth and can sustain a community. You can provide your feedback to Nic Pottebaum on my staff at Nic_Pottebaum@grassley.senate.gov.

I look forward to your feedback.

Sincerely,


Charles E. Grassley
United States Senator

¹ Office of Charles E. Grassley, “Grassley, Gardner Introduce Bill to Give Rural Hospitals New Option to Stay Open, Maintain Emergency Rooms for Residents,” June 23, 2025, <https://www.grassley.senate.gov/news/news-releases/grassley-gardner-introduce-bill-give-rural-hospitals-new-option-stay-open>.

² Centers for Medicare and Medicaid Services (CMS), “Rural Emergency Hospitals,” last updated April 21, 2025, <https://www.cms.gov/medicare/health-safety-standards/certification-compliance/rural-emergency-hospitals>.

³ Office of Charles E. Grassley, “Grassley, Klobuchar Call on CMS to Prioritize New Rural Hospital Program,” June 10, 2021, <https://www.grassley.senate.gov/news/news-releases/grassley-klobuchar-call-on-cms-to-prioritize-new-rural-hospital-program>; Office of Charles E. Grassley, “Grassley Relays Concerns of Iowa Rural Hospitals to CMS as Deadline Approaches for New Rural Emergency Hospital Program,” September 14, 2022, <https://www.grassley.senate.gov/news/news-releases/grassley-relays-concerns-of-iowa-rural-hospitals-to-cms-as-deadline-approaches-for-new-rural-emergency-hospital-program>; Office of Charles E. Grassley, “Grassley, Miller-Meeks Seek Assurance for Keokuk on Potential Rural Emergency Hospital Designation,” October 5, 2022, <https://www.grassley.senate.gov/news/news-releases/grassley-miller-meeks-seek-assurance-for-keokuk-on-potential-rural-emergency-hospital-designation>; Office of Charles E. Grassley, “Rural Hospital Program Created by Grassley Officially Finalized by CMS,” November 2, 2022, <https://www.grassley.senate.gov/news/news-releases/rural-hospital-program-created-by-grassley-officially-finalized-by-cms>; Office of Charles E. Grassley, “Grassley Statement on Iowa’s Action to Support the Rural Emergency Hospital Program,” March 28, 2023, <https://www.grassley.senate.gov/news/news-releases/grassley-statement-on-iowas-action-to-support-the-rural-emergency-hospital-program>.

⁴ National Academy for State Health Policy, “Rural Emergency Hospitals: Legislative and Regulatory Considerations for States,” August 30, 2023, <https://nashp.org/rural-emergency-hospitals-legislative-and-regulatory-considerations-for-states/>.

⁵ CMS, “Quality, Certificate, and Oversight Reports,” accessed August 25, 2025, <https://qcor.cms.gov/>.