

Modernizing the Medicare-Dependent Hospital program

ISSUE: Congress created the Medicare-Dependent Hospital (MDH) program to temporarily increase inpatient payments to high-cost small rural hospitals after the implementation of the inpatient prospective payment system (IPPS). The MDH program has been extended several times since it began in 1990. The Commission is concerned that the MDH program may not appropriately target hospitals with the greatest need and that the inpatient focus of this program does not reflect the shift to outpatient care over the last three decades.

KEY POINTS: This presentation reviews work developing alternative criteria for qualification for the MDH program and revising the payment mechanism to include outpatient care.

ACTION: Commissioners will discuss the analyses.