



PYA Let's Get Rural – Navigating New Rules, Risks, and Reforms in Rural Healthcare

Presented July 10, 2025 by PYA's Martie Ross and Kathy Reep | Part of the Let's Get Rural Webinar Series

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WEBINAR SUMMARY

PYA's July 2025 Let's Get Rural webinar tackled sweeping changes affecting rural providers, with a focus on financial pressures tied to the One Big, Beautiful Bill Act (OBBBA). Key themes included Medicaid eligibility changes and provider tax reductions expected to cut federal Medicaid spending by over \$300 billion. The webinar also addressed ACA premium tax credit restrictions projected to increase the uninsured population by 4.2 million, telehealth expiration risks, Medicare Advantage audit ramp-ups, the cost-sharing proposal for critical access hospitals (CAHs), and the limitations and potential of the new Rural Health Transformation Fund.

Key topics include:

- **Rural Health Transformation Fund:** Allocates \$10 billion over five years. Funding is for state-distributed transformation efforts, not a replacement for lost Medicaid revenue. Funds must be tied to one of 10 approved use cases.
- **Medicaid Eligibility & Work Requirements:** States must verify 80+ hours/month of qualifying work. Estimated to reduce Medicaid spending by \$326 billion. Increased redeterminations, documentation burdens, and short hardship exceptions.
- **Provider Tax & State Directed Payment Cuts:** Expansion states must reduce provider taxes to 3.5% by 2032. State-directed payments capped at Medicare levels, with phase-down for existing enhanced rates by 2028.
- **ACA Premium Tax Credit Changes:** New restrictions and expiration of enhanced subsidies may lead to a rise in uninsured patients and uncompensated care, especially in rural areas.
- **TEAM (Transforming Episode Accountability Model):** A mandatory CMS bundled payment model for select CBSA regions. Could divert post-acute care away from CAHs. Opportunities may exist via collaborator agreements.
- **Medicare Cost Sharing Reform:** MedPAC proposes reducing CAH outpatient copays to 20% of payment amount (not charges), capped at inpatient deductible. May reduce bad debt and encourage local care.
- **Telehealth Sunset & Workforce Shortages:** Unless extended, Medicare telehealth flexibilities expire Sept. 30. New student loan borrowing caps threaten rural workforce recruitment.

WEBINAR HIGHLIGHTS AND FREQUENTLY ASKED QUESTIONS

What is the Rural Health Transformation Fund?

- It's a \$10 billion fund over five years, administered by CMS to states. Funds must support rural transformation, not replace lost Medicaid revenue.

Do the Medicaid work requirements affect rural providers?

- Yes. Increased redetermination and verification rules could lead to coverage loss, increasing uncompensated care for rural hospitals.



What are the key changes to provider taxes and SDPs?

- Provider taxes must decline in expansion states. SDPs are capped at Medicare rates (or 110% for non-expansion states), reducing supplemental funding.

Will ACA premium tax credit changes affect rural care?

- Yes. The rollback of enhanced credits and tighter rules are expected to increase rural uninsured rates and financial strain on safety-net providers.

How does TEAM impact critical access hospitals?

- TEAM encourages discharge to SNFs over CAH swing beds. This could reduce CAH volumes and revenue unless collaboration strategies are used.

What does the MedPAC cost-sharing proposal mean?

- It would cap CAH outpatient coinsurance at 20% of payment (not charges), reducing patient liability and potentially lowering bad debt.

Is Medicare telehealth coverage ending?

- Yes, unless Congress acts, telehealth coverage reverts to pre-COVID rules after Sept. 30, 2025. This affects rural access significantly.

How do loan caps in the bill affect rural provider recruiting?

- Caps on student loans may deter future providers from training, especially for costly medical education, impacting rural recruitment.

ACTION ITEMS

- Review contracts with Medicare Advantage plans to understand any indemnification clauses related to coding and diagnostic information.
- Advocate for the MedPAC proposal to reduce cost-sharing for critical access hospital outpatient services.
- Engage with state agencies early on the Rural Health Transformation Fund application process to ensure the state's application effectively addresses the needs of rural providers.

WEBINAR OUTLINE

Introduction and Overview of the Webinar

- PYA Moderator and Martie Ross introduce the webinar, noting the Let's Get Rural webinar series and its focus on rural providers.
- Martie Ross introduces the Navigating New Rules, Risks, and Reforms in Rural Healthcare topic, noting the webinar will cover various topics, including Medicaid, ACA premium tax credit issues, the new Rural Health Transformation fund, and upcoming 2026 appropriations.
- Martie explains the bill signed into law on Independence Day and its impact on rural providers, including provisions on Medicaid, ACA, and other healthcare reforms.
- Martie discusses the naming controversy of the One Big Beautiful Bill Act (OBBBA). Martie Ross and Kathy Reep discuss the various names suggested by attendees and the administrative challenges in naming the bill.



Medicaid and ACA Premium Tax Credit Provisions

- Martie Ross explains the Medicaid provisions, including work requirements, eligibility rules, and provider taxes.
- She notes Arkansas and Georgia have implemented work requirements, with Arkansas giving up due to administrative challenges.
- Martie explains that beginning in 2027, states will require non-disabled individuals to work or participate in qualifying community activities for at least 80 hours per month.
- She confirms the Senate bill allows states to request an additional two years to implement work requirements and verification processes.

Provider Taxes and State Directed Payments

- Martie Ross discusses the impact of provider taxes on state revenue and federal matching funds, with a decrease in the threshold for the hold harmless provision.
- She covers that non-expansion states can maintain existing provider taxes but cannot expand or impose new taxes, while expansion states must reduce existing provider taxes.
- Martie mentions the provider tax provision is expected to generate \$191 billion in savings, with a significant impact on state Medicaid programs.
- She notes state-directed payments are limited to 100% of Medicare rates, with exceptions for nursing facilities and intermediate care facilities.

Impact of Medicaid Provisions on Rural Providers

- Kathy Reep highlights other Medicaid provisions, including retroactive coverage, cost sharing for certain income levels, and elimination of special FMAP for emergency medical treatment for aliens.
- She notes the nursing home staffing rule has a moratorium on enforcement extended through 2034.
- Kathy walks through how the ACA marketplace premium tax credits are made more restrictive, limiting eligibility and requiring verification for certain insurance applications.
- She calls out the enhanced premium tax credits set to expire at the end of 2025 are not extended, leading to an increase in uninsured individuals by 2034.

Rural Health Transformation Program

- Martie Ross introduces the Rural Health Transformation Program, which aims to address the loss of Medicaid revenue for rural hospitals.
- She explains the program allocates \$10 billion over five years, with states submitting applications by the end of the year.
- Martie further explains the funds are not intended to make up for lost Medicaid revenue but to strategically invest in rural health transformation plans.
- She notes the administrator's decisions regarding allotments are not subject to administrative or judicial review, raising concerns about accountability.

Healthcare Provisions and Legislative Outlook

- Kathy Reep discusses other healthcare provisions, including the Medicare Physician Fee Schedule (MPFS), high-deductible health plans, and direct primary care services.



- She states the Medicare telehealth coverage sunsets on September 30, with no current plans to extend it.
- Kathy explains the Medicare trustees report predicts insolvency of the hospital insurance trust fund by 2033, with higher projected spending for inpatient hospital services and hospice services.
- She notes the Medicare Advantage final rules include a 5.06% increase in payment rates for Payment Year 2026, with no significant changes to prior authorization processes.

Price Transparency and Sequestration Concerns

- Kathy Reep highlights the price transparency issue, with an RFI seeking to improve reporting and consumer friendliness.
- She walks through the potential impact of the RFI on price transparency and its implications for rural providers are discussed.
- Kathy and Martie express concerns about sequestration and its potential impact on Medicare payments, with the Congressional Budget Office predicting a 4% reduction in rates if sequestration is not addressed.
- Kathy emphasizes the ongoing legislative process and the need for Congress to address various healthcare issues, including telehealth coverage and provider designation.

Medicare Advantage Audits and Cost Sharing for Critical Access Hospitals

- Kathy Reep discusses the increase in Medicare Advantage audits, with CMS using artificial intelligence to review medical records and flag unsupported diagnoses.
- She highlights the potential impact of these audits on rural providers and the importance of reviewing contracts with Medicare Advantage plans.
- Kathy discusses MedPAC's recommendation to reduce cost sharing for critical access hospitals to 20% of the payment amount on a per-claim basis.
- She notes the proposed change aims to align cost sharing with that of prospective payment system hospitals, reducing the financial burden on patients.

Medicare Cost Sharing Proposal Discussion

- Kathy Reep discusses the potential impact of MedPAC's cost-sharing proposal, highlighting that it could reduce patient cost-sharing and thus lower bad debts.
- She highlights how the proposal could drive business back into communities by reducing outpatient obligations for beneficiaries who opt for PPS hospitals.
- Kathy notes Medigap premiums for beneficiaries in states with critical access hospitals might decrease, but Part B premiums for all beneficiaries would likely increase.
- She explains that Medicare program's Part B solvency is maintained by raising premiums, as mentioned in the trustees' report.

Clinically Integrated Networks and Federal Standards

- Martie Ross introduces the topic of clinically integrated networks, referencing the Federal Trade Commission and Department of Justice standards for clinical integration.
- Martie discusses the requirements for independent providers to join together for joint contract negotiations.
- Martie notes the slides and an article on the PYA website provide detailed information on the standards and requirements, and the importance of these standards in the context of rural health.



PYA Center for Rural Health Resources and Closing Remarks

- Martie Ross provides information about the PYA Center for Rural Health and its role in providing solutions for rural providers.
- Martie and Kathy Reep note PYA's Washington Updates newsletter, which addresses changes in Washington related to rural health.
- Martie and Kathy highlight a specific article on the Rural Health Transformation Fund as a resource for more detailed information.