MISSOURI HOSPITAL ASSOCIATION

HFMA Greater Heartland Fall Conference – Fanning the Flames of Sustainability

U.S. Congressional Update and Rural Health Transformation Program

October 16, 2025

Learning objectives include obtaining an understanding about the fiscal condition of Missouri hospitals, the latest developments in Congress, overview and insights into the Rural Health Transformation Program, and major federal advocacy priorities.

Fiscal State of Missouri Hospitals – 2023 Data

PROFILE OF MISSOURI HOSPITALS

ALL HOSPITALS

137
MHA MEMBER HOSPITALS

67 Medicare acute Inpatient Prospective Payment System hospitals	6 rehabilitation hospitals
35 critical access hospitals	27 for-profit organizations
5 federal military or veterans hospitals	108 tax-exempt organizations
5 general or specialty pediatric hospitals	65 private, not-for-profit organizations
14 psychiatric hospitals	34 state or local government acute care hospitals
6 long-term, acute care hospitals	7 psychiatric hospitals owned by the Department of Mental Health

HOSPITAL PAYER MIX

- 24.0% Medicare
- 22.4% Medicare Advantage
- 7.0% Medicaid
- 11.1% Medicaid Managed Care
- 2.7% Other Government
- 29.2% Commercial and Managed Care
- 0.9% Workers' Compensation
- 2.6% Self-Pay

- 69.9% PERCENT OF BUSINESS REIMBURSING LESS THAN COST

OPERATING MARGIN

Percent of hospitals operating at a loss/gain.

39.8% ▼

60.2% ▲

AVERAGE OPERATING MARGIN 2.9%

Information is based on the 2023 Annual Licensing Survey Data.

PROFILE OF MISSOURI HOSPITALS

URBAN

HOSPITAL PAYER MIX

- 24.9% Medicare
- 24.4% Medicare Advantage
- 6.3% Medicaid
- 8.9% Medicaid Managed Care
- 2.7% Other Government
- 29.3% Commercial and Managed Care
- 0.9% Workers' Compensation
- 2.6% Self-Pay

- 69.8% PERCENT OF BUSINESS REIMBURSING LESS THAN COST

OPERATING MARGIN

Percent of hospitals operating at a loss/gain.

29.3% ▼ | 70.7% ▲

AVERAGE OPERATING MARGIN 2.4%

RURAL

HOSPITAL PAYER MIX

- 28.8% Medicare
- 21.4% Medicare Advantage
- 11.3% Medicaid
- 8.3% Medicaid Managed Care
- 3.2% Other Government
- 23.2% Commercial and Managed Care
- 0.8% Workers' Compensation
- 3.2% Self-Pay

- 76.1% PERCENT OF BUSINESS REIMBURSING LESS THAN COST

OPERATING MARGIN

Percent of hospitals operating at a loss/gain.

54.4% ▼ | 45.6% ▲

AVERAGE OPERATING MARGIN 0.4%

340B Urban & Rural

HOSPITAL PAYER MIX

- 26.1% Medicare
- 21.5% Medicare Advantage
- 7.6% Medicaid
- 10.1% Medicaid Managed Care
- 2.8% Other Government
- 28.6% Commercial and Managed Care
- 0.8% Workers' Compensation
- 2.6% Self-Pay

- 70.6% PERCENT OF BUSINESS REIMBURSING LESS THAN COST

OPERATING MARGIN

Percent of hospitals operating at a loss/gain.

48.6% ▼ | 51.4% ▲

AVERAGE OPERATING MARGIN -0.1%

Inpatient Acute PPS

HOSPITAL PAYER MIX

- 25.5% Medicare
- 24.0% Medicare Advantage
- 7.1% Medicaid
- 8.8% Medicaid Managed Care
- 2.8% Other Government
- 28.4% Commercial and Managed Care
- 0.9% Workers' Compensation
- 2.6% Self-Pay

- 70.6% PERCENT OF BUSINESS REIMBURSING LESS THAN COST

OPERATING MARGIN

Percent of hospitals operating at a loss/gain.

41.5% ▼ | 58.5% ▲

AVERAGE OPERATING MARGIN 2.0%

CAH

HOSPITAL PAYER MIX

- 26.6% Medicare
- 22.5% Medicare Advantage
- 7.1% Medicaid
- 10.7% Medicaid Managed Care
- 1.7% Other Government
- 26.8% Commercial and Managed Care
- 0.6% Workers' Compensation
- 3.9% Self-Pay

- 72.6% PERCENT OF BUSINESS REIMBURSING LESS THAN COST

OPERATING MARGIN

Percent of hospitals operating at a loss/gain.

48.5% ▼ | 51.5% ▲

AVERAGE OPERATING MARGIN -0.2%

Information is based on the 2023 Annual Licensing Survey Data.

PROFILE OF MISSOURI HOSPITALS

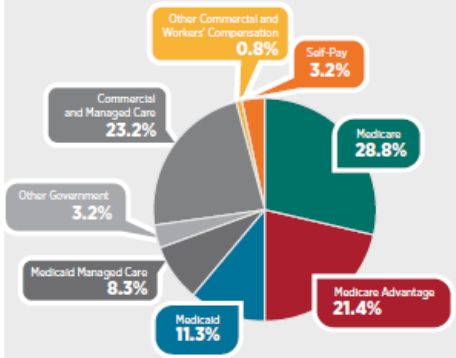
136
MHA MEMBER HOSPITALS

66
RURAL HOSPITALS

63	Medicare acute inpatient prospective payment system hospitals	15	psychiatric hospitals	108	tax-exempt organizations
35	critical access hospitals	6	long-term, acute care hospitals	67	private, not-for-profit organizations
5	federal military or veterans hospitals	6	rehabilitation hospitals	35	state or local government acute care hospitals
5	general or specialty pediatric hospitals	28	for-profit organizations	6	psychiatric hospitals owned by DMH

RURAL

HOSPITAL PAYER MIX



PERCENT OF BUSINESS THAT REIMBURSES LESS THAN COST *(governmental and self-pay)* **76.1%**

OPERATING MARGIN

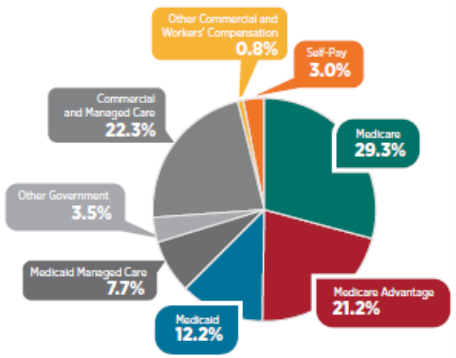
Percent of hospitals operating at a loss/gain

Average Operating Margin **0.4%**

Percent with negative margins	*Percent with Positive margins*
54.4% ▼	45.6% ▲

RURAL PPS

HOSPITAL PAYER MIX



PERCENT OF BUSINESS THAT REIMBURSES LESS THAN COST *(governmental and self-pay)* **76.9%**

OPERATING MARGIN

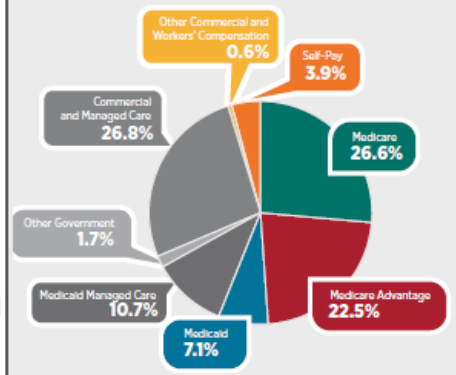
Percent of hospitals operating at a loss/gain

Average Operating Margin **1.2%**

Percent with negative margins	*Percent with Positive margins*
62.5% ▼	37.5% ▲

CAH

HOSPITAL PAYER MIX



PERCENT OF BUSINESS THAT REIMBURSES LESS THAN COST *(governmental and self-pay)* **72.6%**

OPERATING MARGIN

Percent of hospitals operating at a loss/gain

Average Operating Margin **-0.2%**

Percent with negative margins	*Percent with Positive margins*
48.5% ▼	51.5% ▲

Information based on the 2022 Annual Licensing Survey

U.S. Congressional Outlook

U.S. Congressional Outlook

- Funding for federal fiscal year 2026
  - Government shutdown began October 1
    - 5 federal government shutdowns in last 30 years
    - Longest shutdown was December 22, 2018 – January 25, 2019 (34 days) over the 'Big Beautiful Wall'
  - House passed Republican led short-term continuing resolution that would fund the government through November 21
    - Failed in Senate
  - Senate Democrat led short-term continuing resolution failed
- How long will the government shutdown last?
- Outlook for 2026

The One Big Beautiful Bill Act (H.R. 1) – Section 71401 – Rural Health Transformation Program

Rural Health Transformation Program – Distribution to States

- Program to improve access, outcomes, information technology, workforce and financial solvency strategies (sustainability)
- $50 billion paid out over a 5-year period (2026 – 2030)
  - $25 billion distributed equally among states who submit applications (baseline funding)
  - $25 billion distributed based on rural metrics (workload funding)
- States will apply for funding
- States will distribute funds to providers

Rural Health Transformation Program – Notice of Funding Opportunity

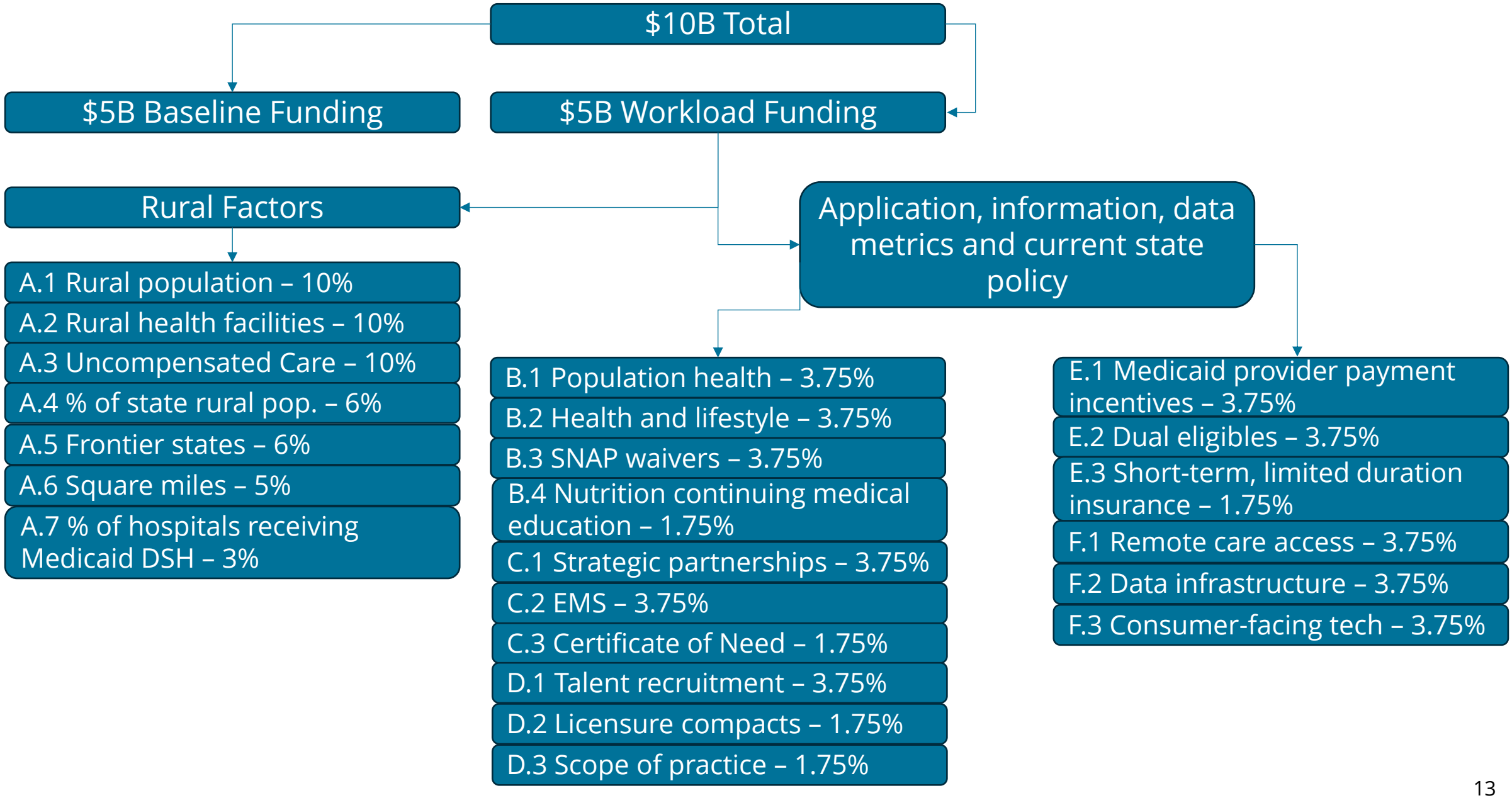
- Applications are due Nov. 5.
- CMS will make initial awards by Dec. 31.
- Only one application will be submitted for the five-year duration of the program, but funding levels could change over five years.
- Overarching strategic goals identified in the NOFO:
  - Make rural America healthy again
  - Sustainable access to care
  - Workforce development
  - Innovative care
  - Technological innovation

Rural Health Transformation Program – Application Process

- The MO HealthNet Transformation Office is the lead agency on Missouri's application.
- It is coordinating with a variety of stakeholders, as well as the Department of Health and Senior Services and the Department of Mental Health.
- MHD has designated tier one and tier two stakeholders.
  - Tier one — MHA, Missouri Primary Care Association and Missouri Behavioral Health Council
  - Tier two — EMS, LPHAs, dentists, pharmacists, school-based clinics, community health workers, doulas, home health

Rural Health Transformation Program – Application Development

- MHD has set a cadence of twice-weekly meetings with state agencies and tier one stakeholders to craft the application.
- MHA has participated in discussions about relevant performance metrics.
- MHA has the opportunity to demonstrate hospitals' alignment with the NOFO's and state's strategic priorities for the funding.


$10B Total
$5B Baseline Funding
$5B Workload Funding
Rural Factors
A.1 Rural population – 10%
A.2 Rural health facilities – 10%
A.3 Uncompensated Care – 10%
A.4 % of state rural pop. – 6%
A.5 Frontier states – 6%
A.6 Square miles – 5%
A.7 % of hospitals receiving Medicaid DSH – 3%
Application, information, data metrics and current state policy
B.1 Population health – 3.75%
B.2 Health and lifestyle – 3.75%
B.3 SNAP waivers – 3.75%
B.4 Nutrition continuing medical education – 1.75%
C.1 Strategic partnerships – 3.75%
C.2 EMS – 3.75%
C.3 Certificate of Need – 1.75%
D.1 Talent recruitment – 3.75%
D.2 Licensure compacts – 1.75%
D.3 Scope of practice – 1.75%
E.1 Medicaid provider payment incentives – 3.75%
E.2 Dual eligibles – 3.75%
E.3 Short-term, limited duration insurance – 1.75%
F.1 Remote care access – 3.75%
F.2 Data infrastructure – 3.75%
F.3 Consumer-facing tech – 3.75%

Rural Health Transformation Program – Workload Funding – Rural Factors Projection

- University of North Carolina – Cecil G. Sheps Center for Health Services Research

	Weighted	*Rural*		*Hospital*	*Non-Hospital*	*Rural*		*Uncomp/*		*Percent*		*Percent*		*Land*		*DSH*	
	Score	*Population*		*Facilities*	*Facilities*	*Facilities*		*Op Exp*		*Rural Pop*		*Frontier*		*Area*		*Percent*	
State	**factora**	**a1**	**a1_score**	**a2a**	**a2b**	**a2**	**a2_score**	**a3**	**a3_score**	**a4**	**a4_score**	**a5**	**a5_score**	**a6**	**a6_score**	**a7**	**a7_score**
TX	2.096	4,271,728	4	209	1139	5.839	3.918	10.2	1.061	14.657	0.898	0.872	1.306	261260.0	20.426	0.517	1.469
CA	2.055	2,760,120	3.755	116	2951	8.278	4.000	1.8	0.857	6.981	0.327	0.522	0.980	155860.4	20.000	0.804	3.837
NM	1.850	788,291	1.633	35	275	1.161	1.143	2.3	1.837	37.227	2.694	10.043	3.429	121312.7	19.149	0.595	2.122
MT	1.773	593,400	1.143	56	199	1.334	1.388	1.9	0.980	54.73	3.673	20.718	3.673	145550.3	19.574	0.164	0.082
AK	1.733	274,972	0.327	18	220	0.768	0.816	2.2	1.551	37.493	2.776	30.671	3.918	571390.1	20.851	0.286	0.653
NC	1.380	2,958,609	3.918	74	804	2.938	3.347	5.5	3.592	28.341	2.041	0.767	1.143	48624.0	0.000	0.760	3.429
MS	1.344	1,751,555	2.857	82	555	2.526	2.694	5.8	3.755	59.149	3.837	5.002	2.367	46924.8	0.000	0.500	1.388
MO	1.334	2,073,283	3.102	76	770	2.896	3.265	5.1	3.347	33.685	2.449	6.121	2.694	68746.3	0.000	0.534	1.796
GA	1.321	2,448,694	3.592	90	560	2.665	3.020	8.1	4.000	22.86	1.551	1.089	1.469	57717.5	0.000	0.626	2.612
OK	1.255	1,579,235	2.531	95	355	2.300	2.449	5.7	3.673	39.886	3.020	7.450	2.857	68596.8	0.000	0.471	1.224

https://www.shepscenter.unc.edu/programs-projects/rural-health/projects/rural-health-transformation-program-resources/

$10B Total

$5B Workload Funding

State Policy Factors

B.2 Health and lifestyle – Requires schools to re-establish Presidential Fitness Test (not counted in 2026)

B.3 SNAP waivers – USDA approved waiver prohibiting purchase of non-nutritious items with SNAP

B.4 Nutrition continuing medical education – Requires nutrition to be included in CME currently in place and enforced (not counted in 2026)

C.3 Certificate of Need – Cicero score for states lower points granted for states with CON

D.2 Licensure compacts – Average of physician, nurse, EMS, psychology and physician assistant score

D.3 Scote of practice – Average of physician assistant, nurse practitioner, pharmacist and physician assistant score

E.3 Short-term limited-duration insurance – Plans not restricted in State beyond latest federal guidance

F.1 Remote care access (50% state policy / 50% initiative) – Average of score based on Medicaid reimbursement for live video, story and telehealth license / registration

$10B Total

$5B Workload Funding

Initiative Based Factors

B.1 Population health clinical infrastructure – community-based hub model, rural health technology and coordination of care

B.2 Health and lifestyle – models focused on nutrition and lifestyle

C.1Strategic partnerships – sharing of best practices, expand access by coordination of specialty care services, streamline administrative functions, improve viability and 'right-sizing' hospitals

C.2 EMS – infrastructure ad coordination among EMS and providers, alternative site of care treatment and improve speed / access / cost to deliver services

D.1Talent recruitment – new residency training programs and fellowships tied to 5 years of service, relocation grants.

E.1 Medicaid provider payment incentives – payment mechanism for providers / ACOs to reduced cost, improve quality and lower cost (two-sided risk)

E.2 Dual eligible enrollment – invest to promote Medicaid enrollee enrollment in Medicare by streamlining data integration and technical assistance

F.1 Remote care services (50% state policy / 50% initiative based) – enhance state's remote care service infrastructure

F.2 Data infrastructure – invest in EHR or infrastructure to promote data exchanges and interoperability (replacement of EHR system limited to 5% of total funding

F.3 Consumer-facing technology – support development and usage of tools to prevent and mange chronic disease

Rural Health Transformation Program – Use of Funds

- Capital expenditures and infrastructure cannot exceed 20%
  - No new construction – limited to renovations and 'right sizing facilities
- Provider payments cannot exceed 15%
- Replacing EMR systems cannot exceed 5%
- Funding for certain start up technology initiatives cannot exceed the lesser of 10% of award or $20 million
- No more than 10% can be used for state administrative purposes
- Cannot use funds to pay clinicians if facility institutes non-compete clauses

Rural Health Transformation Program – Use of Funds

- Funds must be used for three or more of the following activities:
  - Preventing and managing chronic disease
  - Payments to health care providers, subject to certain restrictions
  - Consumer-facing technology for preventing and managing chronic diseases
  - Provider-facing technological innovations
  - Workforce development
  - Information technology enhancements
  - Right-sizing health care delivery systems in rural areas
  - Opioid use disorder and substance use disorder treatment and mental health services
  - Support for value-based care arrangements and alternative payment models
  - Additional uses designed to promote sustainable access to quality care, identified by the NOFO as capital expenditures and infrastructure and fostering collaboration

Rural Health Transformation Program – Missouri's Application Contents – Community Hubs

- MHD Director Todd Richardson wants Missouri's application to be "bold and aspirational."
- In addition to some statewide programs, MHD's approach includes a modified version of the ToRCH model — establishing hubs for care coordination and using the funds for capacity building.
- Stakeholders continue to synthesize core concepts.

Rural Health Transformation Program – Missouri's Application Contents – State-Based Initiatives

- The state intends to retain some portion of the funds for strategic projects.
  - Workforce development
  - Technology solutions for providers — EHR enhancement, AI applications for revenue cycle management and clinical operations
  - Consumer-facing technology, including AI

Rural Health Transformation Program – Missouri's Application Contents – Performance Metrics

- MHD plans to establish performance metrics to measure health outcomes and implementation measures.
- Health outcomes likely will be measured qualitatively and quantitatively.
- Implementation measures will focus on strategic partnerships and collaboration, patient experiences and workforce metrics.

Legislative Priorities – 119th Congress

Legislative Priorities – Abbreviated List

- Prior Authorization Reform
  - Health Affairs – PA costs payers $6 billion, physicians $26.7 billion and patients $35.8 billion annually
  - H.R. 639 – Doctor Knows Best Act of 2025
  - H.R. 2433 – Reducing Unnecessary Delays in Care Act of 2025
  - Gold / Platinum Carding
- Medicare Advantage Reform
  - 54% of Medicare beneficiaries are enrolled in a MA plan
  - S. 1816 / H.R. 3514 – Improve Seniors' Timely Access to Care Act of 2025
- Extend Marketplace ***Enhanced*** Advance Premium Tax Credits
  - 14.2% of Missouri residents under age 65 are enrolled in a Marketplace plan, with approximately 333,000 Missourians receiving APTCs averaging $1,100 per enrollee per year
  - S. 2556 / H.R. 4849 – Section 3 of the Protecting Health Care and Lowering Costs Act of 2025

Legislative Priorities – Abbreviated List

- Postpone Medicaid Disproportionate Share Reductions
  - Cost Missouri hospitals an estimated $574 million annually
- Prevent Site-Neutrality Policies
  - CMS already implemented site-neutrality policies for approximately half of the services performed in off-campus provider-based departments – outpatient clinic visit (G0463)
  - CMS proposed site-neutrality policy for clinician administered drugs
- Preserve 340B
  - S. 2372 / H.R. 4581 – 340B PATIENTS Act of 2025
- Funding for Direct Graduate Medical Education and Indirect Medical Education

Questions?

Andrew B. Wheeler
Vice President of Federal Advocacy and Finance
573-893-3700, x1336
AWheeler@mohospitals.org