

# United States Senate

WASHINGTON, DC 20510

January 17, 2025

The Honorable Chiquita Brooks-LaSure  
Administrator  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard  
Baltimore, MD 21244

Dear Administrator Brooks-LaSure,

I write today to urge swift resolution of a technical matter that is impacting the St. Charles Health System (SCHS) in Oregon. Over the past three years, my team and I have had more than ten in-person meetings and phone calls with you and subject matter experts at the Centers for Medicare & Medicaid Services (CMS) about the urgency of this matter for SCHS and the rural communities it serves.

In 2022, SCHS merged two Medicare-certified hospitals, St. Charles Bend and St. Charles Redmond, due to the financial stress caused by the COVID-19 pandemic. The merged hospital sought status as a sole community hospital (SCH), which provides higher Medicare reimbursement to support hospitals that are the only short-term acute care hospital serving a community. On February 15, 2022, following subsequent processing of the Medicare enrollment filings by the fiscal intermediary, Oregon Health Authority (OHA), and CMS, the merger was recognized as effective, leaving one Medicare-certified hospital as of that date.

CMS denied SCHS's application in mid-April on the grounds that the application was incomplete for failure to include the documentation of the processing of the Medicare merger enrollment filing. This documentation is to be completed by the fiscal intermediary, a state agency (here The Oregon Health Authority (OHA)), and CMS, but only after the merger is implemented and the filings are complete.

CMS stated that SCHS could file another application for SCH status once that processing was complete. OHA completed the step on May 10, 2022, deeming the merger effective February 15, 2022, and SCHS filed a new application on May 11, 2022. However, when CMS approved the SCH designation on June 7, 2022, it did so retroactively to May 11, 2022, not February 15, 2022. It is my understanding that the wrong retroactive date has a substantial negative impact on SCHS in excess of \$6 million. SCHS has faced financial hardship and administrative bureaucracy due to this process.

On August 28, 2023, CMS finalized the FY 2024 hospital inpatient prospective payment system (IPPS) rule, which amended the regulation governing the effective date of SCH status in cases of a merger that is completed for the purpose of obtaining SCH status. This policy change appeared to fix the bureaucratic problem that SCHS got stuck in. Unfortunately for SCHS and other hospitals trapped in administrative limbo, this correction took effect for merger SCH applications filed on or after October 1, 2023, and it did not apply retroactively. This is despite my plea in a letter sent on May 24, 2023 urging CMS to apply this policy retroactively in the final IPPS rule.

After SCHS was not able to address its issue through the administrative rulemaking process, the health system appealed the Medicare Administrative Contractor's decision on the effective date of the hospital's SCH status to the Provider Reimbursement Review Board. SCHS secured an expedited hearing on the matter and is awaiting a final decision, which I understand may take as long as 12 months.

Taken together, I believe a merely technical matter tied up in bureaucratic red tape has placed SCHS in administrative limbo for nearly three years and has cost them \$6 million. I am concerned that CMS made a technical mistake that is costing SCHS and the rural communities it serves. Though I understand that the independent Provider Reimbursement Review Board, and not CMS, will make a decision based on arguments presented at the hearing, I wish to convey the urgency of this matter on behalf of my constituents. My ultimate priority is making sure SCHS receives the money it needs to serve Oregonians living in rural communities.

Thank you for your partnership to serve rural communities in Oregon and across the country and for your urgent attention to this issue.

Sincerely,



---

Ron Wyden  
United States Senator  
Ranking Member, Committee  
on Finance