

## **National Grange Releases New Report Examining Diversion of Rural Health Care Dollars to Urban Hospitals**

***Study highlights how “dual classification” policies redirect rural-designated resources away from rural patients***

**FOR IMMEDIATE RELEASE (March 2<sup>nd</sup>, 2026) Washington, D.C.** — Today the National Grange supported the release of a new analysis by Magnolia Market Access examining how Medicare hospital reclassification policies are increasingly diverting resources intended for rural hospitals to large urban health systems, weakening the rural health care safety net and threatening access to care for millions of rural Americans.

The report, *Hospital Dual Classification: How Urban Hospitals Are Capitalizing on Medicare Reclassification Policies*, documents the rapid expansion of a practice known as dual classification, in which geographically urban hospitals reclassify as administratively rural to access rural-specific Medicare benefits while also receiving higher urban wage index payments.

“These policies were created to protect rural hospitals – not to be leveraged by large metropolitan systems that do not share the same challenges of geography, workforce shortages, or financial fragility, said Christine Hamp, President of the National Grange. “Rural hospitals are closing at alarming rates, and every federal dollar intended to keep them open matters. When those dollars are diverted through regulatory loopholes, rural patients lose access to care that may already be miles – or hours – away. This is about fairness and fidelity to purpose.”

Programs like 340B and Medicare’s rural payment protections exist to stabilize healthcare access where it is most vulnerable. Allowing urban hospitals to benefit from rural-only designations without a corresponding rural patient commitment undermines that intent and weakens the rural safety net.

“We must ensure that rural healthcare policies are working as designed – supporting hospitals that are geographically, demographically, and operationally rural,” Hamp said. “Closing the dual-classification loophole is a necessary step toward preserving access, strengthening rural providers, and ensuring that limited healthcare resources reach the communities they were meant to serve.”

According to the analysis, the number of dually classified hospitals has grown significantly in recent years, with many of the largest beneficiaries being major metropolitan teaching hospitals. Through dual classification, these facilities may gain expanded access to

graduate medical education slots, enhanced Medicare reimbursement, and eligibility pathways for programs such as 340B.

The National Grange is calling on policymakers to tie rural payment enhancements and program eligibility to true geographic rurality, ensuring that federal healthcare investments are directed to the rural hospitals and patients they were designed to support.

The full report is available at: [www.nationalgrange.org/hospital-dual-classification](http://www.nationalgrange.org/hospital-dual-classification)

### **About the National Grange**

Founded in 1867, the Grange is a fraternal, nonpartisan organization with roughly 1,400 local chapters across the country. Grange members provide millions of hours of service and donations totaling millions of dollars annually, based on the needs identified in their local communities. From providing dictionaries to third-grade students often unserved or underserved by broadband internet, to hosting candidate forums, to providing handmade caps for newborns, Grange members find ways to improve the lives of their neighbors both in service and through advocacy efforts.

Learn more about the Grange and our grassroots policy and priority issues, the service of our members across the nation to improve the quality of life in their communities, and where you can find a Grange local to you by visiting [www.nationalgrange.org](http://www.nationalgrange.org).

Press Contact: Phil Vonada, [pvonada@nationalgrange.org](mailto:pvonada@nationalgrange.org)

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