



**American Hospital  
Association**

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March 2, 2004

The Honorable Don Nickles  
Chairman  
Senate Budget Committee  
U.S. Senate  
Washington, D.C. 20510

Dear Chairman Nickles:

On behalf of the American Hospital Association's (AHA) more than 5,000 member hospitals, health care systems, networks, and other providers of care, we strongly urge you to make funding for the Rural Hospital Flexibility Grant (FLEX) Program and the Small Hospital Improvement Program (SHIP) a priority in the FY 2005 budget resolution.

These two programs improve access to essential health care services by establishing Critical Access Hospitals (CAHs) and rural health networks. They also ensure that many communities have access to lifesaving emergency medical services. In 2001, Congress expanded the scope of the SHIP program to include quality, confidentiality, and billing system issues.

The recently passed Medicare Prescription Drug, Improvement and Modernization Act of 2003 helps address the need to maintain access to high quality care in rural areas, including the reauthorization of the FLEX program. This program is essential to helping rural hospitals determine whether conversion to CAH status makes sense for them and their community. In addition, the new Medicare law contains many changes to the CAH program that make access to these funds even more important. Further, FLEX and SHIP funds are vital to many hospitals' quality improvement, rural health network, and emergency service efforts.

We were very disappointed that the Administration's budget proposal eliminates funding for the FLEX and SHIP programs, and we strongly urge you to ensure the viability of these programs, as Congress intended in the Medicare drug bill, by including adequate funding for them in the budget resolution.

Sincerely,

Rick Pollack  
Executive Vice President



