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June 21, 2005

The Honorable Greg Walden
United States House of Representatives
1210 Longworth House Office Building
Washington, DC 20515

Dear Representative Walden:

The American Hospital Association (AHA), our 4,800 member hospitals and health systems, and our 33,000 individual members are pleased to support the Sole Community Hospital Preservation Act. We applaud your effort to support vital health care providers in rural America by making permanent the outpatient prospective payment system hold harmless protection.

Congress created the Sole Community Hospital (SCH) program so that beneficiaries in isolated communities would continue to have access to needed, quality health care services. Recognizing the importance of these acute care providers, Congress has provided special payment provisions to ensure their viability for their patients and communities.

The Medicare Modernization Act of 2003 extended the hold harmless provision for two years, which expires in December 31, 2005. In addition to making the hold harmless provision permanent, your legislation also would support SCHs by establishing a minimum payment-to-cost ratio based on the 75th percentile for all SCHs, and, for inpatient services, provide a more current year for determining the hospital's cost based payments.

We are pleased to support this legislation and look forward to working with you and your colleagues on H.R. 2961.

Sincerely,

Rick Pollack
Executive Vice President

