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June 13, 2006

The Honorable Kent Conrad  
United States Senate  
530 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Conrad:

On behalf of the American Hospital Association (AHA) and our 4,800 member hospitals, health care systems and other providers of care, and our 35,000 individual members, we are pleased to support The Rural Hospital and Provider Equity (HoPE) Act of 2006. This legislation would extend critical rural provisions from the Medicare Prescription Drug, Improvement and Modernization Act (MMA) of 2003 that are set to expire and implement new provisions that would benefit rural hospitals. We applaud your commitment to America's rural health care providers.

Congress shares this commitment, having passed several significant provisions in the MMA that include extension of the outpatient hold harmless for rural hospitals under 100 beds and Sole Community Hospitals and a 5 percent rural add-on for home health services.

Your legislation takes the next step: ensuring that these provisions continue to provide the assistance that rural providers need to take care of people, and that Congress intended to help them do the job. Rural hospitals and health care providers are often the backbone of their communities and it is essential that these expiring programs be continued.

Your legislation also takes the important step of putting forward new provisions that are vital to rural and Critical Access Hospitals (CAH) including cost-reimbursement for outpatient CAH lab services regardless of where the patient is physically located, removal of the cap on disproportionate share adjustment percentages for all hospitals and improvements in payments for ambulance services in rural areas.

The AHA supports extension of Section 508 of the MMA to allow Medicare wage index reclassification in a non-budget neutral way. Your legislation extends this provision to rural hospitals only. We would like to see this extension apply not only to rural hospitals but to all hospitals, as originally provided in the MMA.



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Again, we are pleased to support this legislation and look forward to working with you and your colleagues to achieve passage of the bill.

Sincerely,

Rick Pollack

Executive Vice President