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Dear Senator:

On behalf of the American Hospital Association (AHA) and our 4,800 member hospitals, health systems and other health care organizations, and our 33,000 individual members, I am writing to share our concerns over certain elements of the Stop Over-Spending Act of 2006 (SOS). While we appreciate the difficult task the Budget Committee faces in charting a course toward a strong and healthy America, SOS could hurt hospitals' ability to continue providing high quality care to their patients.

This is because SOS gives the President line-item veto authority to rescind both discretionary and mandatory funding items, and establishes an entitlement control mechanism that triggers automatic mandatory spending reductions when the deficit ceiling is exceeded. The measure further establishes statutory limits on discretionary spending that are enforced by sequestration. Automatic reductions based on artificial "caps" would threaten critical Medicare and Medicaid funding and hurt the ability of hospitals to serve patients and communities.

More than 80 million Americans depend on their local hospitals for Medicare and Medicaid services. Hospitals care for everyone who comes through their doors 24 hours a day, seven days a week, and at the same time must stand ready to respond to natural disasters, pandemic diseases, and terrorist attacks. But to meet these and many other demands, hospitals must stretch already-tight resources. At a time when 32 percent of hospitals have negative total margins and seven out of 10 are losing money providing services to Medicare patients, now is not the time for the kind of reductions this legislation could impose.

We urge you to reject this approach, and protect health care services for America's elderly, disabled, and poor.

Sincerely,

Rick Pollack
Executive Vice President

