

United States Senate

WASHINGTON, DC 20510

July 13, 2006

Dr. Mark McClellan
Administrator
Centers for Medicare and Medicaid Services
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Dr. McClellan:

We are writing today to express our concern with the Centers for Medicare & Medicaid Services (CMS) interpretative guidelines that would obstruct Critical Access Hospitals (CAHs) from rebuilding or relocating their facilities.

Last year, many of us wrote to you expressing our concerns about the proposed inpatient hospital rule that would have prevented most CAHs from rebuilding their facilities more than 250 yards from their current location. CMS was responsive and the final rule outlined different criteria with which to judge hospitals that move locations.

However, on November 14, 2005, CMS issued interpretive guidelines on the relocation of CAHs that apply to *all* CAHs seeking to relocate, regardless of necessary provider designation. In addition, the guidelines altered the definitions of mountainous terrain and secondary road. We believe these guidelines do not go far enough to provide sufficient flexibility for hospitals that need to relocate.

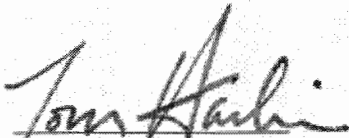
The guidelines surpass the requirement established in the Fiscal Year 2006 Inpatient Prospective Payment System (PPS) final rule that allows necessary provider CAHs to relocate as long as they continue to serve 75 percent of the same population, provide 75 percent of the same services and employ 75 percent of the same staff. Necessary providers that fail the 75 percent test would lose their CAH status and be forced to convert back to the inpatient PPS.

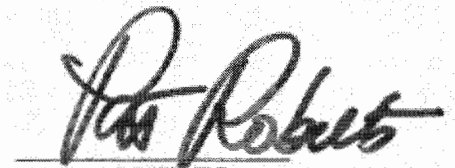
Many facilities need to rebuild on a new site to be closer to a highway, connect to municipal water and sewer, or to improve the quality of facilities. In addition, many CAHs are landlocked with little or no room for expansion, thus they have no choice but to relocate if they must rebuild.

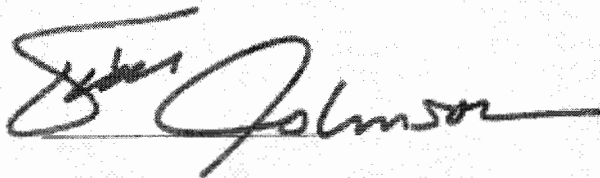
It is in the best interests of the Medicare program and beneficiaries to require CAHs that relocate to serve the same community. However, a hospital could easily violate the guidelines regardless of the distance it moved simply because of staff attrition, physicians who relocate, or other factors that have nothing to do with the services provided in the community. Hospitals moving only a few miles in rural areas are clearly the same providers serving the same community.

While we applaud CMS for attempting to solve the problem, we believe that the current requirements are overly restrictive. Instead of arbitrary numbers, we believe more common sense needs to be used when evaluating CAHs that want to rebuild their facilities. We look forward to working with you to develop an evaluation method that works for hospitals and the communities they serve.

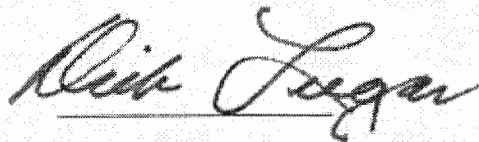
Sincerely,


TOM HARKIN
United States Senator


PAT ROBERTS
United States Senator

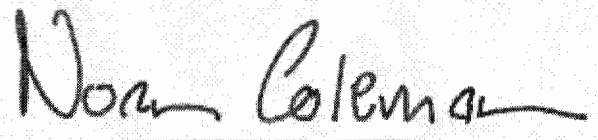


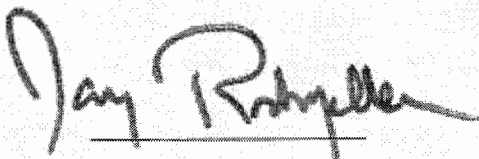














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