



American Hospital  
Association

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July 28, 2006

Rules Docket Clerk - Regulations Division  
Office of General Counsel – Room 10276  
Department of Housing and Urban Development  
451 Seventh Street, S.W.  
Washington, DC 20410-0500

***RE: Federal Register Vol. 71, No. 124 June 28, 2006, (Docket No. FR-4679-N-11)***

To Whom It May Concern:

On behalf of the American Hospital Association (AHA) and our 4,800 member hospitals, health care systems and other health care organizations, and our 35,000 individual members, we appreciate the opportunity to submit the following comments regarding the Department of Housing and Urban Development's (HUD) Notice of Changes in Certain Multifamily Mortgage Insurance Premiums.

The department proposes increasing the mortgage insurance premium for HUD's 232 and 242 health care insurance programs by 30 basis points. Many hospitals have used the 242 program as a lower-cost option for improving their health care facilities and the services they provide to their communities. For large hospitals, the premium increase would cost millions of dollars more and could pose a significant debt-service burden. Critical Access Hospitals (CAHs) also would feel a deep impact. Often the sole providers of hospital care in their communities, CAHs historically have had problems accessing capital for renovations and new construction. A 1997 Medicare payment change made CAHs more financially stable, and many have used HUD's 242 program as a source of funding. Even a small increase in the mortgage insurance premium could pose a significant financial hurdle for these hospitals.

*The Federal Credit Reform Act of 1990* specifically mandates that administrative costs associated with loan guarantee programs be paid from discretionary appropriations rather than being reflected in credit program financing. The department has provided no justification for the increase in the mortgage insurance premium. **We urge the department to withdraw its proposal to increase the 242 program's mortgage insurance premium.**



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The AHA appreciates the opportunity to submit these comments. If you have any questions, please feel free to contact me or Don May, AHA vice president for policy, at (202) 626-2356 or [dmay@aha.org](mailto:dmay@aha.org).

Sincerely,

Rick Pollack  
Executive Vice President