American Hospital Association

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August 30, 2006

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

Dear Representative Walden:

On behalf of the American Hospital Association's 4,800 member hospitals, health care systems and other health care organizations, and our 35,000 individual members, we are pleased to support the *Health Care Access and Rural Equity Act of 2006* (H-CARE). This legislation would improve health care quality and access in rural areas, as well as increase the viability of rural providers. It also would extend some critical rural provisions of the *Medicare Prescription Drug, Improvement and Modernization Act of 2003* (MMA) and the *Deficit Reduction Act of 2006* (DRA) that are set to expire soon. We applaud your commitment to America's rural health care providers.

Congress demonstrated its commitment to rural health care by passing several significant provisions in the MMA and DRA, including the extension of the outpatient hold-harmless provision for rural hospitals with fewer than 100 beds, a 2 percent add-on for ambulance trips in rural areas, and a 5 percent rural add-on for home health services.

Your legislation takes the next step by ensuring that these provisions are extended so that rural providers receive the assistance they need – and that Congress intended them to have – to take care of people.

Rural hospitals and health care providers often are the backbone of their communities, and it is essential that these expiring programs be continued.

The AHA also supports extending Section 508 of the MMA to allow certain Medicare wage index reclassifications to proceed in a non-budget neutral way. In contrast to the pending Senate legislation, your bill would extend this provision to all hospitals that qualified under the MMA. It also would rectify an unintended consequence of the original language that prevents other hospitals in the same area as a Section 508 hospital from participating in group reclassifications.

In addition, your legislation takes the important step of introducing new provisions vital to rural hospitals, including the removal of the cap on disproportionate-share adjustment percentages for all hospitals, the rebasing of sole-community hospital payments, and the establishment of grants for the adoption of health information technology by rural providers. The legislation also includes several important provisions for Critical Access Hospitals (CAHs), including cost-based reimbursement for outpatient CAH lab services, regardless of where the patient is physically located; the removal of the isolation test for CAH ambulance services; and the establishment of minimum payments to CAHs that serve Medicare Advantage patients, regardless of whether they have a contract with the plan.

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

Sincerely,

Rick Pollack
Executive Vice President