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The Honorable Max Baucus  
Chairman, Senate Finance Committee  
219 Dirksen Senate Building  
Washington, DC 20510

The Honorable Orrin Hatch  
Ranking Member, Senate Finance Committee  
219 Dirksen Senate Building  
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Hatch:

We write to respectfully request inclusion of S. 2620, "*The Rural Hospital Access Act of 2012*" in the upcoming Medicare physician payment legislation. S. 2620 is currently supported by 23 Senators and will extend for one year both the Medicare Dependent Hospital (MDH) and the Low-Volume Hospital (LVH) programs, which are vitally important to sustain many rural hospitals.

Rural hospitals deliver health care to more than 60 million Americans and are the health and economic backbone for communities across our nation. These small, hardworking hospitals are often the sole source of comprehensive health care in their area, and are typically the largest employer, and economic engine, in the communities they serve. Yet, rural hospitals face a wide array of financial difficulties and operational challenges under the current Medicare Prospective Payment System (PPS). S. 2620 will ensure another year of support for these critical providers.

The network of health providers that serves rural Americans is fragile and more dependent on Medicare revenue because of the high percentage of Medicare beneficiaries who live in rural areas. The MDH and LVH programs provide important assistance.

As you know, Congress established the MDH program in 1987. There are approximately 200 MDHs in the United States eligible to receive the sum of their PPS rate, plus three-quarters of the amount by which their cost per discharge exceeds the PPS rate. These payments allow MDHs greater financial stability and leave them better able to serve their communities.

In addition, we support extending the enhanced low-volume Medicare adjustment. Although a low-volume adjustment had existed in the inpatient PPS prior to fiscal year 2011, CMS had defined the eligibility criteria so narrowly that only two to three hospitals qualified each year. The recently improved low-volume adjustment better accounts for the relationship between cost and volume and helps level the playing field for low-volume providers.

We are also pleased that S. 2620 is supported by the American Hospital Association, the Federation of American Hospitals and the National Rural Health Association. Both MDH and LVH programs recently expired at the end of September, 2012. As such, we urge you to include an extension as soon as possible. Thank you for your consideration of this request.

Sincerely,

Charles E. Schumer

Charles E. Grassley