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June 28, 2013

The Honorable Bruce Braley
United States House of Representatives
2263 Rayburn House Office Building
Washington, DC 20515

Dear Representative Braley:

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, and our 43,000 individual members, the American Hospital Association (AHA) is pleased to support the *Rural Hospital Fairness Act*. We applaud your effort to support vital health care providers in rural America by extending hold harmless protection under the outpatient prospective payment system (PPS).

When the outpatient PPS was implemented, Congress made certain rural hospitals with 100 or fewer beds eligible to receive an additional payment adjustment, referred to as “hold harmless” transitional outpatient payments (TOPs). Hold harmless TOPs were intended to ease their transition from the prior reasonable cost-based payment system to the outpatient PPS. That provision originally expired Jan. 1, 2004; however, because of concerns about the financial stability of these small rural hospitals, Congress extended the provision and expanded it to apply to equally vulnerable sole community hospitals (SCHs). Hospitals receiving TOPs had Medicare payments that were well below their Medicare costs, with payments averaging about 83 percent of costs.

This program expired Dec. 31, 2012 for rural hospitals and SCHs with no more than 100 beds. It expired March 1, 2012 for SCHs with more than 100 beds. With the expiration of this provision, TOPs-eligible hospitals saw their Medicare outpatient payments cut by about 11 percent. With such a large gap between payments and costs, it will be difficult for these vulnerable hospitals to continue to provide access to critical outpatient services, such as emergency department services and chemotherapy.

We are pleased to support this legislation and look forward to working with you and your colleagues to achieve passage of the *Rural Hospital Fairness Act*.

Sincerely,

/s/

Rick Pollack
Executive Vice President

