June 26, 2012

The Honorable Max Baucus
Chairman
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Dave Camp
Chairman
Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington D.C. 20515

The Honorable Orrin G. Hatch
Ranking Member
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Sander Levin
Ranking Member
Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington D.C. 20515

Dear Chairmen and Ranking Members,

Workforce shortages, geographic barriers, economic and social disparities create grave access concerns for the 62 million people who call rural America home. Rural hospitals provide vital access points for beneficiaries in rural areas to receive quality and affordable health care.

If Congress does not act by October 1, authorization for the Medicare Dependent Hospital (MDH) designation will expire. Expiration will mean significant reimbursement reductions for more than 200 rural MDHs. Thirty-four percent of these facilities already operate at a negative financial margin and most have a lower operating cash-flow margin than other hospital types currently recognized by law. If Congress allows this designation to expire, the ability of many MDH facilities to continue to provide essential services in the communities they serve will be threatened, resulting in a significant reduction for rural seniors' access to care across the nation.

Additionally, hundreds more rural facilities will be severely harmed due to the October 1 expiration of the rural current "low-volume" adjustment, a Medicare payment for rural facilities that incur higher incremental Medicare costs due to a low-volume of Medicare patients. The loss of this funding will hurt rural patients by forcing rural hospitals to limit critical services.

The Federal investment in rural hospitals benefits both the rural patient and the tax payer. According to a recent study based on an analysis of CMS Shared Savings Data, rural hospitals scored high on patient satisfaction and quality of care, and provide cost-effective care to rural beneficiaries.

Our organizations support the extension of the Medicare Dependent Hospital program and the Low-Volume Hospital adjustment. Their utility and benefit to rural hospitals and their patients cannot be overstated. We encourage you to make their extension a high priority.

Sincerely,

American Association of Nurse Anesthetists
Arkansas Hospital Association
Christus Health System
Federation of American Hospitals
Florida Hospital Association
LifePoint Hospitals
Illinois Hospital Association
Kansas Hospital Association
Kentucky Hospital Association
Medicare Dependent Hospital Coalition
Mississippi Rural Alliance
Missouri Hospital Association
National Rural Health Association
North Carolina Hospital Association
Oklahoma Hospital Association
Ohio Hospital Association
Rural Hospital Coalition
Rural Wisconsin Health Cooperative
Southeast Kansas Rural Health Collaborative
SSM Health Care
Tennessee Hospital Association
Texas Organization of Rural and Community Hospitals
Wisconsin Hospital Association