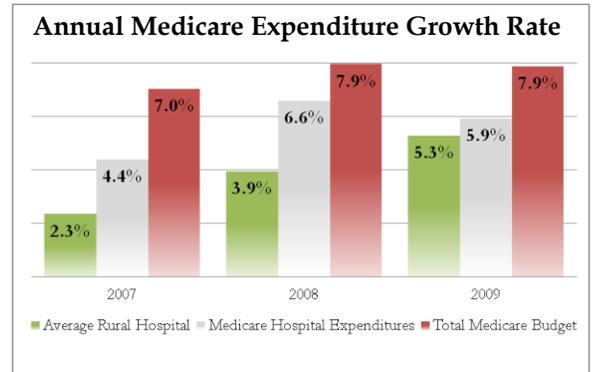


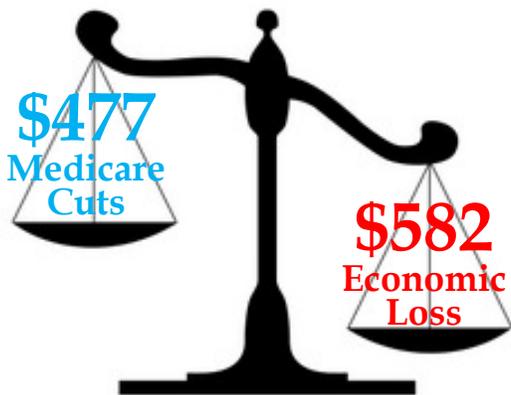
RURAL HOSPITALS HURT IN SEQUESTRATION

Under the Budget Control Act of 2011, a sequestration process will reduce government spending, including a 2% reduction to Medicare beginning in January, 2013. Decreasing Medicare payments to rural hospitals will push many of these health care facilities to the brink of closing their doors.

Over 1,300 hospitals are Critical Access Hospital (CAH). Medicare contributes an average of \$5M to each CAH's net patient revenue. These vital dollars can equal 30% of a CAH's revenue but makes up only 2% of the total Medicare budget. The 2% Medicare sequestration will eliminate \$1.3 billion of desperately needed revenue to CAHs nationwide over the next 10 years.



About 200 rural hospitals are currently designated as Medicare Dependent Hospitals (MDH). The program's reimbursement structure is critical to guaranteeing access to care in many rural communities. A 2% Medicare cut will eliminate tens of millions of dollars of critical reimbursement to MDHs. Additionally, the MDH program is under another threat; federal authorization for the program expires in September of 2012.



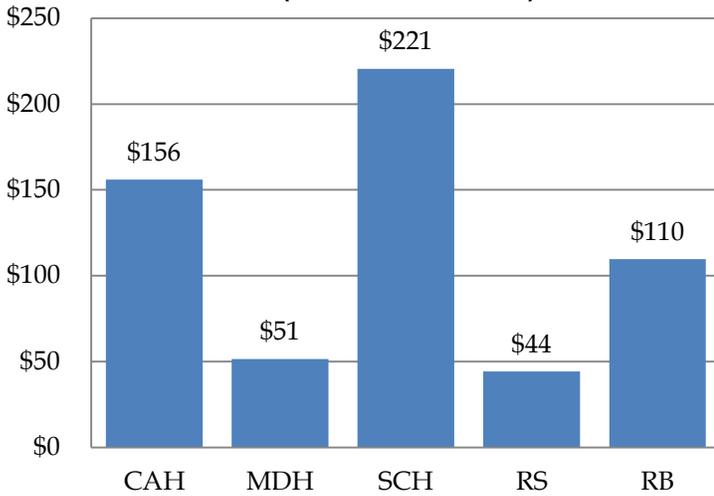
Due to the weak economy and lack of necessary capital investment, an ever-increasing number of rural hospitals operate at a loss. This figure escalated to over 35% in 2009 and continues to grow. These facilities operating in the red employ approximately 139,000 jobs. Without the MDH and CAH classifications many of these hospitals may be forced to reduce services or close their doors. The rural economies supported by these hospitals cannot afford to eliminate the only nearby hospital and one of the largest employers in each community.

A mere 2% reduction in Medicare payments to rural hospitals will cause about 57 hospitals that are currently scratching out a minimal positive margin to immediately begin operating at a loss. This number will continue to increase each year as margins continually get smaller. With each hospital averaging 280 employees, the resulting impact will put another 15,979 hospital jobs at risk. Furthermore, the access to care crisis will be further exacerbated.

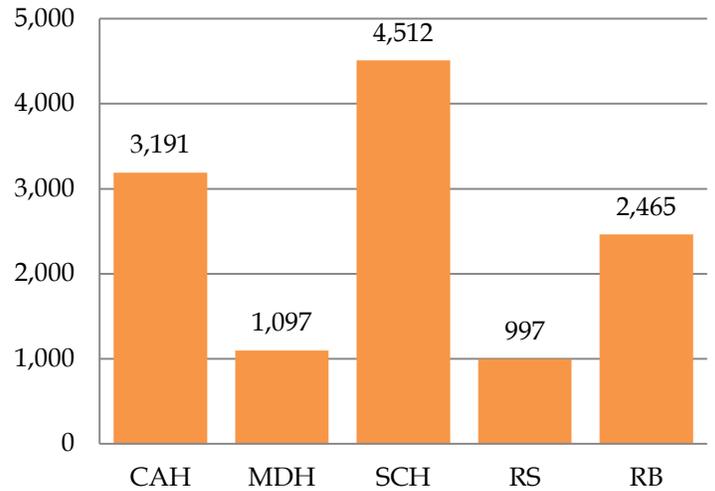
<u>Sequestration forces more hospitals into financial jeopardy</u>	
Hospitals	57
Hospital Jobs	15,979
Hospital Salaries	\$907M
Local Jobs Impact	22,051
Local Economic Impact	\$1.12B

Medicare Cuts Hurt Rural Economies

Local Economic Loss (\$ in millions)

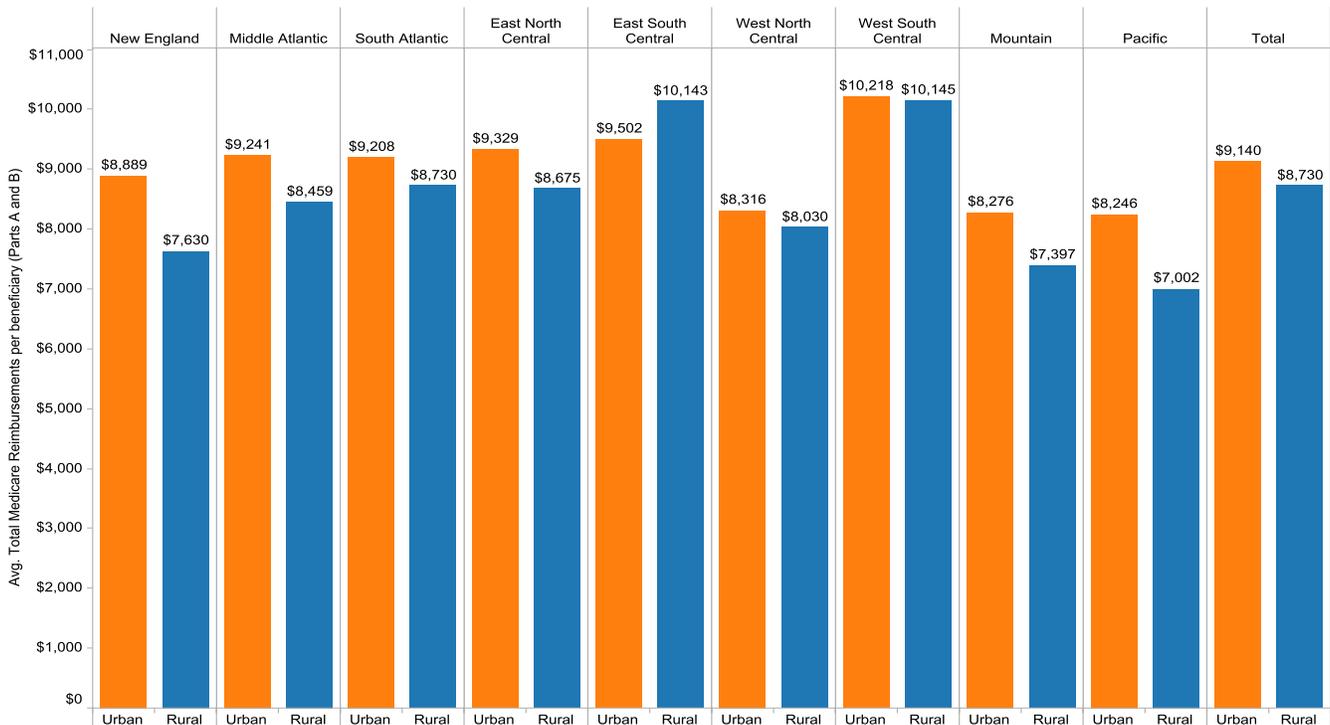


Local Job Loss



Medicare rural hospital cuts impact much more than just the hospital. As much as 20% of the local rural economy is dependent on the local hospital. Hospital layoffs, salary reductions or closures are devastating to the local economy. Medicare Cuts to Rural Hospitals could result in over 12,000 jobs lost in small towns across America. Go to www.RuralHospitalSequestration.com for more details.

Health Care in Rural America More Affordable



Cutting rural hospitals doesn't save federal dollars. A study by Stroudwater Associates shows that rural Medicare beneficiaries already costs 4.5% less to treat than urban beneficiaries.