



August 15, 2013

The Honorable Harry Reid  
U.S. Senate  
S-221 United States Capitol  
Washington, DC 20510

The Honorable John Boehner  
U.S. House of Representatives  
H-232 United States Capitol  
Washington, DC 20510

The Honorable Mitch McConnell  
U.S. Senate  
S-230 United States Capitol  
Washington, DC 20510

The Honorable Nancy Pelosi  
U.S. House of Representatives  
H-204 United State Capitol  
Washington, DC 20510

Dear Leader Reid, Speaker Boehner, Leader McConnell, and Leader Pelosi,

Today, the Office of the Inspector General at the Department of Health and Human Services released a report that, if fully implemented, could close hundreds of rural hospitals across the nation—harming access to health care for millions of rural patients and costing the tax payer more money. The 34-page report of Critical Access Hospitals (CAHs) would eradicate individual state determinations on which small, rural hospitals are critical “necessary providers” in a state, by over-riding state decisions with complete federal authority.

The HHS Report would create huge voids in access to health care in rural America. Nearly two-thirds of these facilities could close if the recommendations were fully adopted by Congress. This would include the approximately 50% of the CAHs that would lose their designation under this scheme because they are “too close” to another CAH that would also lose its status. This would lead to the absurd result of the closure of both facilities. This is the fastest way to ration care to America’s most vulnerable seniors. Also under this scheme, a CAH would lose its status even if the other hospital did not treat the same type of patient. Indeed, 7percent of the other facilities do not serve typical rural Medicare patients because they are psychiatric facilities, rehabilitative hospitals, Children’s Hospitals or Veteran Facilities.

Approximately one-fourth of all Americans live in rural areas across our country—areas that take up around 90% of the country’s total land mass. For many in rural America, CAHs are the only access point to primary, emergency, and acute health care services. Furthermore, these facilities provide critical jobs in hard hit rural areas. In fact, the average CAH directly employs over 100 people and provides over \$4 million in direct salary, wages and benefits to their local communities.

Despite their intrinsic and vital nature to the rural delivery system and rural economy, many of these facilities face significant challenges—remote geographic location, administrative workforce scarcity, physician shortages, and constrained financial resources. CAHs also face numerous regulatory burdens including limits on the number of beds that they can operate, workforce supervision requirements, and 24-hour emergency care requirements. The CAH designation allows these facilities to meet these challenges while providing efficient, cost effective care. In fact, CAHs provide 9% of all hospital care in the nation but receive only 5% of the Medicare hospital budget. In fact, Medicare spends 3.7% less per rural beneficiary than it does per urban beneficiary. This means CAHs are a great value to their patients and the taxpayer.

The OIG's recommendations would not actually save Medicare or the taxpayer money, at best, changes to the CAH system will result in a cost-shift to expensive centers of care and, at worst, complete loss of access to health care for rural Americans. The National Rural Health Association and the 1,300 CAH facilities throughout the nation urge you to stand up for rural America and protect these vital facilities.