

April 6, 2023

The Honorable Mark R. Warner
United States Senate
703 Hart Senate Office Building
Washington, DC 20510

The Honorable Marsha Blackburn
United States Senate
357 Dirksen Senate Office Building
Washington, DC 20510

Dear Senators Warner and Blackburn:

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, our clinician partners — including more than 270,000 affiliated physicians, 2 million nurses and other caregivers — and the 43,000 health care leaders who belong to our professional membership groups, the American Hospital Association (AHA) is pleased to express support for the Save Rural Hospitals Act (S.803).

Hospitals and health systems in rural areas across America serve as the foundation for the health and well-being of their patients and communities. Rural hospitals provide access to quality, affordable health care for their patients, support good-paying jobs in their local communities, and infuse local economies with spending on goods and services. The critical role these rural hospitals play has never been more apparent than during the COVID-19 pandemic, which hit rural areas particularly hard and whose populations continue to face significant shortages of health care services.

Unfortunately, rural hospitals are shutting down at record rates; 136 rural hospitals closed nationwide between 2010 and 2021. Nineteen of these closures occurred during the height of the COVID-19 pandemic in 2020, the most of any year in the past decade.

A major factor impacting the financial sustainability of rural hospitals is Medicare reimbursement rates from the federal government that don't cover the cost of care. The shortfall of Medicare reimbursement rates have resulted in \$5.8 billion in Medicare underpayments to rural hospitals, with these underpayments growing by nearly 40% from 2016 to 2020. This is exacerbated by the Centers for Medicare & Medicaid Services' (CMS) Medicare Area Wage Index (AWI) reimbursement formula, which adjusts hospitals' overall payments based on geographic differences in labor costs.

The Save Rural Hospitals Act would establish a national minimum rate of 0.85 for the AWI reimbursement rate, resulting in an infusion of new federal dollars to rural hospitals



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at this critical time. This will ensure that rural hospitals receive more appropriate payment amounts for the care they provide to their patients and enable better accounting for the rising labor costs in rural communities.

We thank you for your leadership on behalf of our nation's rural hospitals and look forward to working with you to enact this important legislation.

Sincerely,

/s/

Lisa Kidder Hrobsky
Senior Vice President, Advocacy and Political Affairs