American Hospital Association

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July 26, 2007

The Honorable Charles Rangel
Chairman, Committee on Ways and Means
United States House of Representatives
1139E Longworth House Office Building
Washington, DC 20515

Dear Chairman Rangel:

On behalf of the American Hospital Association's (AHA) nearly 5,000 member hospitals, health systems and other health care organizations, and our 37,000 individual members, I write to express my appreciation for your hard work on the Children's Health and Medicare Protection (CHAMP) Act of 2007 (H.R. 3162). This legislation is an important step forward in providing for the continued stability of the State Children's Health Insurance Program (SCHIP), and makes many improvements for both Medicare and Medicaid beneficiaries. We also are pleased with a number of provisions related to hospital care.

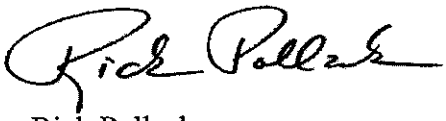
The CHAMP Act protects access to health care by re-authorizing the program for the more than six million children currently covered by SCHIP. The restructuring of the state allotments, along with increased funding amounts, will provide states with the ability to cover more children while preventing the shortfalls that have recently plagued the program. We also appreciate your efforts to relieve some of the administrative burdens being imposed on states by the citizenship documentation requirements for Medicaid eligibility that were instituted as part of the Deficit Reduction Act of 2005.

The Medicare provisions of H.R. 3162 will help strengthen the program for both beneficiaries and providers. We applaud your efforts to stop the scheduled reduction in physician payments; place limits on certain physician referrals to hospitals; provide regulatory relief for both inpatient rehabilitation facilities and long term care hospitals; and propose extensions and protections to preserve access to health services for Medicare beneficiaries who live in rural areas. We also believe that your repeal of the limits placed on the amount of general revenues used to finance Medicare ensures the future vitality of the program.

We support your proposal to increase the federal tobacco tax to fund the re-authorization of SCHIP. However, with CMS's imminent release of the final rule for the FY 2008 inpatient prospective payment system that seeks to penalize hospitals prospectively by as much as $24 billion in FY 2008 and FY 2009, we are very concerned about provisions in the CHAMP Act to reduce the inflation updates for inpatient and outpatient services by 0.25 percentage point. These reductions, on top of such dramatic cuts proposed by the administration, would be devastating to the nation's hospitals.

Thank you for your tireless efforts to re-authorize and improve the SCHIP program and to strengthen the Medicare and Medicaid programs. We look forward to working with you to assure passage of SCHIP legislation this year.

Sincerely,



Rick Pollack
Executive Vice President