

26 June 2003

The Honorable Dennis J. Hastert  
Speaker of the House  
235 Cannon House Office Building  
Washington, DC 20515-0001

The Honorable Deborah Pryce  
Chair, House Republican Conference  
221 Cannon House Office Building  
Washington, DC 20515-0001

The Honorable W.J. "Billy" Tauzin  
Chair, House Committee on Energy and  
Commerce  
2183 Rayburn House Office Building  
Washington, DC 20515-001

The Honorable William M. Thomas  
Chair, House Committee on Ways and Means  
2208 Rayburn House Office Building  
Washington, DC 20515-001

Dear Speaker Hastert and Chairpersons Pryce, Tauzin, and Thomas:

On behalf of the Ohio Hospital Association and our more than 170 member hospitals and health systems, we commend you for your continuing efforts to enhance certain hospital provisions in H.R. 1, the *Medicare Prescription Drug and Modernization Act of 2003*. While we remain concerned with some key aspects of the legislation, we appreciate the opportunity to work with you to craft the package most beneficial to our hospitals and the people they serve. Toward that end, we strongly support the positive steps you have taken thus far, including:

**1) Medicaid Disproportionate Share Hospital (DSH) Funding**

Administered in Ohio under the Hospital Care Assurance Program (HCAP), DSH funding helps reimburse hospitals for the care they provide to the indigent and uninsured. In 2003, federal DSH allotments to Ohio fell by \$50 million. The reduction will have a lasting effect, since it will slash the level from which future inflationary increases will be based. As currently detailed in Section 1001 of H.R. 1, however, DSH allotments will be increased 120 percent in FY 2004, with inflationary adjustments maintained annually thereafter. This provision essentially would return Ohio's HCAP to the levels it would have maintained before the 2003 reductions.

**2) Rural Health Care Improvements**

H.R. 1 currently contains a number of provisions designed to improve the ability of hospitals in rural and smaller urban areas to continue to provide high-quality services to their communities. For example, the bill brings the base Medicare reimbursement rates for hospitals in those areas up to the levels experienced by hospitals in large urban areas. The labor-related share of the Medicare wage index is adjusted to aid small hospitals, while holding larger hospitals harmless. The Critical Access Hospital (CAH) program is bolstered to give these crucial facilities greater flexibility and security. We applaud these and many

26 June 2003

Page 2

other provisions that would help rural hospitals without threatening reimbursements to their urban counterparts.

**3) Regulatory Reduction and Contracting Reform**

The *Medicare Prescription Drug and Modernization Act* incorporates many provisions aimed at reducing the regulatory burden our hospitals face while streamlining the process of new rulemaking by the Department of Health and Human Services (HHS). It requires a regular and predictable timeline for the publication of final regulations, prohibits the retroactive application of changes to rules, permits HHS to use competitive contracting procedures when dealing with Medicare administrative contractors, and establishes an improved review and appeals process for health care providers. These and other provisions under Title IX of the bill will go far to help hospitals anticipate and comply with government regulations.

Again, we appreciate your demonstrated commitment to hospitals, and we applaud your continued leadership to include these important provisions in the final version of the bill. We look forward to working with you more as you shape this historic legislation. If you have any questions or comments, please contact either Jonathan Archey, OHA's federal relations manager or me.

Sincerely,



John Callender  
Senior Vice President

JEC/jsa

c.c. Ohio Congressional Delegation  
The American Hospital Association  
The Ohio Children's Hospital Association  
Ohio Allied Regional Hospital Associations