

April 24, 2002

The Honorable Ralph Regula
Chairman
House Appropriations Labor-HHS-Education Subcommittee
2358 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Regula:

The National Rural Health Association (NRHA) greatly appreciates Congress's attention to rural health needs. In this time of increased attention to public health concerns, we applaud Congress for recognizing the importance of strengthening the rural health care infrastructure in America. NRHA supported the significant 2002 appropriation increases in rural health funding passed by Congress in December.

We were pleased with the President's FY 2003 budget increases for the National Health Service Corps and Community Health Centers; however, these increases alone will not ensure access to health care for rural communities. NRHA was greatly disappointed with the deep cuts in funding for numerous other rural health programs. As rural areas continue to struggle to provide health care for rural citizens and current economic conditions force states to decrease health funding, Congress must ensure that our nation's rural health care safety net is maintained.

As you develop the FY 2003 budget, we ask for your continued support of efforts to improve rural health care services by giving strong consideration to the following programs, which help ensure access to quality health care for rural Americans.

Below you will find the NRHA's funding recommendations for Fiscal Year 2003.

NATIONAL HEALTH SERVICE CORPS (NHSC)

FY '02 Appropriation: \$147 Million

President's FY '03 Budget Request: \$191.5 Million

NRHA FY '03 Request: \$250 Million

The NHSC plays a critical role in providing primary health care services to rural underserved populations. Increased funding would support the additional clinicians needed to begin eliminating the approximately 2,800 Health Professional Shortage Areas (HPSAs), 1,580 Dental HPSAs and 798 Mental health HPSAs currently designated across America.

**RURAL HEALTH OUTREACH
& NETWORK DEVELOPMENT GRANT PROGRAM**

FY '02 Appropriation: \$51 Million

President's FY '03 Budget Request: \$37 Million

NRHA FY '03 Request: \$60 Million

The Rural Health Outreach and Network Development Grant Program supports innovative health care delivery systems as well as vertically integrated health care networks in rural America. Since 1991, 3.2 million people in all but four states have taken advantage of grants totaling \$228 million offered through

this program. In adding special project earmarks to this line item, the NRHA strongly urges Congress not to let the base funding for Outreach and Network Development Grants to fall below the FY 2002 level of \$38.3 million.

RURAL HOSPITAL FLEXIBILITY GRANT PROGRAM

FY '02 Appropriation: \$25 Million (with \$15 Million added to baseline for small rural hospital grants)

President's FY '03 Budget Request: \$25 Million

NRHA FY '03 Request: \$40 Million

This nationwide program is aimed at improving access to essential health care services through the establishment of Critical Access Hospitals (CAHs) and rural health networks. It also helps communities to ensure that needed services, such as emergency medical services, will be available to their citizens. Last year, Congress and the Administration expanded the scope of this program to address issues related to HIPAA, quality improvement and upgrading billing systems.

RURAL HEALTH POLICY DEVELOPMENT (RESEARCH)

FY '02 Appropriation: \$16.8 Million

President's FY '03 Budget Request: \$6 Million

NRHA FY '03 Request: \$20 Million

Rural Health Policy Development is the only Federal program that supports rural-specific health services research. This line item is the primary support mechanism for rural health policy research and analysis. It currently supports six rural health research centers that provide policy relevant research on rural-specific health care topics. This research is made available to policymakers including the Congress and the U.S. Department of Health and Human Services as they make decisions regarding pressing health care issues. It also supports a wide range of other important rural health research and policy activities such as support for the National Advisory Committee on Rural Health. In adding special project earmarks to this line item, the NRHA strongly urges the Administration not to let the base funding for Rural Health Policy Development to fall below the FY 2002 level of \$10 million.

CONSOLIDATED HEALTH CENTERS PROGRAMS

FY '02 Appropriation: \$1,344 Million

President's FY '03 Budget: \$1,459 Million

NRHA FY '03 Request: \$1,544 Million

Community Health Centers (CHCs) are private, not-for-profit, consumer-directed health care centers, which provide primary and preventive care to medically underserved and uninsured people, including 5.4 million, or 1 out of 12, rural residents. The Bush administration has pledged to increase the number of community health centers to 1,200 nationwide, doubling the number of people served by these facilities. To adequately meet this goal and ensure new community health centers are added in rural areas, increased funding is necessary.

STATE OFFICES OF RURAL HEALTH

FY '02 Appropriation: \$8 Million

President's FY '03 Budget: \$4 Million

NRHA FY '03 Request: \$8 Million

State offices of rural health play a key role in assisting rural health clinics, community health centers and small, rural hospitals to assess the health care needs in rural communities. The Administration's budget proposed a 50 percent cut in funding for State Offices of Rural Health. This comes less than two months after the President signed into law a doubling of funding for the program to \$8 million in Fiscal Year 2002. This important program helps people in all 50 states. The State Offices of Rural Health provide a focal point for rural health activities in the states, identify and target resources to underserved communities, and provide technical assistance and training, assist in the recruitment and retention of

health care professionals serving rural communities, and in most states, administer the Medicare Rural Hospital Flexibility Program. The NRHA urges the Congress to continue funding State Offices of Rural Health at \$8 million for FY 2003.

TELEHEALTH

FY '02 Appropriation: \$39 Million

President's FY '03 Budget: \$5.6 Million

NRHA FY '03 Request: \$40 Million

Telehealth services address essential access to health care needs for rural Americans. These innovative programs provide medical care, technical assistance, distance learning and training programs to rural Americans in more than 30 states. In adding special project earmarks to this line item, the NRHA strongly urges Congress not to let the base funding for Telehealth to fall below the FY 2002 level of \$6.1 million.

HEALTH PROFESSIONS PROGRAMS

FY '02 Appropriation: \$535 Million

President's FY '03 Budget: \$301 Million

NRHA FY '03 Request: \$690 Million (includes \$250 million for NHSC)

Workforce shortages are becoming more acute within the health care delivery system generally, with a greater impact in rural areas because of additional obstacles to attracting health professionals to serve in rural communities. The President's budget cut the Health Professions Programs by almost 50 percent, despite the increase for the National Health Service Corps. Various essential programs were not funded and will no longer be able to provide quality assistance in rural communities.

Area Health Education Centers (AHEC) form linkages between health care delivery systems and educational resources in underserved communities. AHECs provide much needed resources and rural communities can not afford to lose these centers. They create collaborative community-based education and training opportunities for health professionals, students and primary care resident physicians, increase the number of individuals from minority and underserved communities who enter health careers, create systems for learning and networks for information dissemination, promote health, prevent disease and provide cost-efficient primary health care services, respond to emerging needs and priorities, and provide technical assistance to educators and others.

The Quentin Burdick Rural Interdisciplinary Training Grant Program supports innovative training that prepares health care providers for practice in rural communities, which comprise more than half of U.S. health professional shortage areas. The President's budget would terminate these innovative programs. Since 1990, health professions schools, academic health centers, state and local governments, and other nonprofit organizations have used Rural Interdisciplinary Training grants to develop new and innovative methods to train health care practitioners to provide services in rural areas; demonstrate and evaluate methods and models that improve access to cost effective, comprehensive health care; provide health care services to people in rural communities; expand research into rural health care issues; and recruit and retain health care providers in rural areas. Last year, \$5.8 million was awarded to 26 projects.

COMMUNITY ACCESS PROGRAM

FY '02 Appropriation: \$105 Million

President's FY '03 Budget: \$0

NRHA FY '03 Request: \$125 Million

The Community Access Program (CAP) provides grants to health care providers to build integrated health care networks to serve uninsured and underinsured local residents. Because rural communities have a high rate of uninsured, CAP has been an essential program in various rural communities throughout the nation.

INDIAN HEALTH SERVICE (Dept. of Interior)

FY '02 Appropriation: \$2.759 Billion

President's FY '03 Budget: 2.88 Billion

NRHA FY '03 Request: \$4.4 Billion, including \$42.3 million for Contract Health Services

Since 1992, due to budget shortfalls, the Indian Health Service has experienced an almost 20% loss of spending power. An increase to \$4.4 billion would allow the IHS to restore lost services.

Furthermore, rural hospitals that provide services to IHS patients are often not reimbursed for the care they provide. This can amount to as much as \$1 million per year in lost revenue for an individual rural hospital. The NRHA requests \$42.3 million for contract health services, which would help the IHS to pay for the services rendered to patients they refer to rural hospitals and would begin to reduce the backlog in payments owed to rural hospitals.

The NRHA appreciates the opportunity to provide our FY 2003 funding recommendations for federal rural health programs. We look forward to continuing to work with you in support of programs important to the rural health delivery system. Again, we appreciate your recognition of the importance of public health systems and the rural health care infrastructure at this time. If you have any questions about our recommendations or would like additional information, please do not hesitate to contact the NRHA's Government Affairs staff at (202) 232-6200 or by e-mail at dc@NRHArural.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Val Schott', with a long horizontal flourish extending to the right.

Val Schott
President