DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

Washington D.C. 20201 - 0001

September 13, 1996

Mr. Chip Kahn
Staff Director
Subcommittee on Health
Committee on Ways and Means
1136 Longworth
Washington, D.C. 20515

Dear Mr. Kahn:

The purpose of this letter is to advise that we inadvertently neglected to remove several lines from Kathleen Buto's testimony on rural health issues, presented before the Subcommittee on September 12, 1996. We wish to assure that these statements are removed from the record. When the official transcript of the hearing is received in this office, we will make the appropriate changes. The statements are as follows and can found in the second paragraph of the last page of testimony. A copy of the page is attached also.

> "Expanding direct payment to non-physician professionals would create yet another situation for billing Medicare on a fee-for-service basis. There is no compelling evidence for providing additional opportunities for non-physicians to bill Medicare directly, especially outside rural shortage areas."

Thank you for your assistance in this matter. If there are any questions, please feel free to call me at 202-690-5500.

Sincerely,

Nancy DeLew
Deputy Director
Office of Legislative and
Inter-governmental Affairs

The Rural Health Improvement Act of 1996 (H.R. 3753), introduced by Representative Gunderson and others, includes a number of provisions which are analogous to the Administration's proposals. Foremost among these are reducing variation in capitated payments to Medicare risk contractors and increasing the AAPCC rates in rural areas, and expanding the RPCH program to all states and modifying its requirements in ways that are similar to the President's expansion plan. It also contains other provisions that were in the Conference Agreement, including the establishment of rural emergency access care hospitals, and increasing bonus payments for primary care services to 20 percent. Finally, the Rural Health Improvement Act includes a provision for a new grant programs to encourage the development of community health networks in chronically underserved areas.

HCFA has specific concerns about some of the provisions that are in both the Conference Agreement and the Rural Health Improvement Act. In particular, we are concerned about provisions that are poorly targeted or that have no demonstrated benefit in increasing access to care. For example, we are concerned that the RRC provision is not sufficiently targeted to focus on RRCs with low wages compared to other hospitals in its area. ~~Expanding direct payment to non-physician professionals would create yet another situation for billing Medicare on a fee-for-service basis. There is no compelling evidence for providing additional opportunities for non-physicians to bill Medicare directly, especially outside rural shortage areas~~. While all the plans allow for greater flexibility for certain rural hospitals, we believe that, given our successful experience with the RPCH program, the Administration's provision to expand that program would meet the needs of rural facilities better than the creation of two new limited hospital providers. In fact, the REACH program is redundant to the RPCH, i.e, the RPCH offers everything that the REACH does and more.

In spite of our concerns, we note the similarities in a number of provisions. We are looking forward to working with Congress to ensure that all Medicare beneficiaries have access to medical services.