



Charles N. Kahn III  
President

July 16, 2009

The Honorable Nancy Pelosi  
Speaker  
House of Representatives  
Capitol Building, H-232,  
Washington, DC 20515-6501

Dear Speaker Pelosi,

As President Barack Obama recently remarked, the status quo is unacceptable, and it is critically important for the nation that health reform legislation move forward now. We are at an inflection point in history when health reform is not only possible but desperately needed because too many Americans lack access to affordable, quality health care. On behalf of the Federation of American Hospitals (FAH) and our more than 1,000 investor-owned or managed community hospitals and health systems throughout the United States, we believe it is important for the “America’s Affordable Health Choices Act of 2009” (AAHCA) to move forward.

The AAHCA provides a platform for framing health reform. Most importantly, it would provide meaningful coverage for at least 37 million of the uninsured which means that 95% of Americans would have health security. So, those Americans would have the peace of mind that comes from having health coverage, the ability to afford the health care they need when they need it.

The legislation meets key principles of the FAH’s own detailed health reform plan, the “Health Coverage Passport.” Specifically, it provides the subsidies that Americans lacking sufficient disposable income will need to obtain coverage; it builds on the current employer-based system; it addresses the need for insurance reform; and it includes a requirement that will ensure that coverage is obtained by all Americans.

Among AAHCA’s other provisions that we support: it ties reductions in Medicare disproportionate share hospital payments to increases in coverage, although we hope this type of calibration policy would be expanded to all hospital payment reductions; it bans self-referral to

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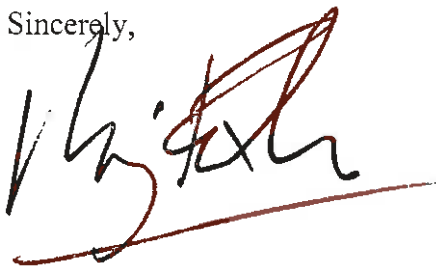
physician-owned hospitals; it incorporates important elements of the Stand for Quality initiative; and it enables automatic enrollment for those receiving coverage through the Health Insurance Exchanges.

There are other areas of the bill where the FAH believes modifications should be made. Specifically, we view a public option based on Secretary of HHS authority and Medicare payment rules as both unnecessary to achieve the goals of reform and even counterproductive. We support market-based coverage options for Americans through the Health Insurance Exchange that serves the consumer well by assuring access to care that meets their personal needs and expectations and where provider payment is based on negotiation. We would also like to see improvements in the hospital readmissions policy, which as now constructed reduces the very resources hospitals need to eliminate avoidable hospital readmissions.

The FAH hopes the final bill will reflect the types of improvements that we have highlighted; we view those improvements as critical for enactment. We have every reason to believe that the House, Senate and White House will achieve a final health reform that hospitals can strongly support.

We thank you for your commitment and leadership. You have long recognized the need to act on reform, and the FAH looks forward to working with you and other policymakers to bring better, more affordable health care to all Americans.

Sincerely,

A handwritten signature in red ink, appearing to be "V. Blitzer", written over a horizontal red line.