



May 28, 2008

Elizabeth M. Duke, Ph.D.  
Administrator  
Health Resources and Services Administration  
Department of Health and Human Services  
200 Independence Avenue, S.W.  
Washington, DC 20201

***RE: (HHS\_FRDOC\_0001-0007) Proposed Rule: Designation of Medically Underserved Populations and Health Professional Shortage Areas***

Dear Dr. Duke:

On behalf of our 85 member hospitals and the 41,000 persons they employ, the Nebraska Hospital Association (NHA) appreciates the opportunity to submit comments to the Health Resources and Services Administration (HRSA) on the proposed rule to revise and consolidate the criteria and process for designating health professional shortage areas (HPSA) and medically underserved areas and populations (MUA/P). While we are appreciative of the work and analysis that have been conducted up to this point, we have serious concerns about the potential impact that this proposed rule could have on the providers and programs that depend on these designations for federal funding and believe that additional analysis is warranted before finalizing any changes to the existing regulations.

In the proposed rule, HRSA recommends revising the methodology to determine the level of underservice to a single "index of primary care underservice." HRSA has stated that the goals of the proposed rule are to:

- create a simpler system for those who seek designation by consolidating the two existing procedures and their sets of criteria;
- incorporate better measures of health status and access;
- improve identification of new, currently undesignated areas of need and currently designated areas no longer in need; and
- minimize unnecessary disruption.

According to the analysis of the proposed rule that was conducted by the Geiger Gibson/RCHN Community Health Foundation, in collaboration with The George Washington University, more than 34 federal programs use these shortage designations for eligibility and funding preference purposes. In fiscal year 2005, almost \$3 billion in federal funds were distributed through programs that use the HPSA or MUA/P system to determine eligibility (GAO-07-84). In addition, MUA/P designation is critical for the receipt of community and rural health center grants, as well as cost based reimbursement for rural health clinics.

**The NHA is concerned about the lack of information available regarding how the proposed changes would impact the distribution of funds within the 34 federal programs and what the**

**specific impact to Nebraska would be.** It is impossible to determine with any certainty what designation or funding level a health center, clinic, population or area will receive under the index of primary care underservice. Also, the analysis that HRSA conducted for the proposed rule relies on data that is nearly 10 years old. **We believe that HRSA should conduct an additional analysis with current data and that it should be done in a coordinated and transparent manner.**

The proposed rule sets strict timelines for review and notification of designation. It also encourages state and local government to increase their role in defining service areas, underserved populations groups and unique local conditions. Specifically, states are urged to define rational service areas used to designate underservice and shortage areas and be involved with identifying safety-net-facility primary care HPSAs and MUPs. Interaction with states and localities is important to achieving fair and equitable designations and may reduce the adverse impact of the proposed index. However, HRSA has not adequately assessed the added burden to states and local governments in meeting these new responsibilities.

The Rural Health Clinic (RHC) program was established in 1977 to address an inadequate supply of physicians who serve Medicare and Medicaid beneficiaries in rural areas. Clinics that qualify for RHC status receive cost based reimbursement for outpatient physician and certain non-physician services. **Maintaining their RHC status is critical for these clinics to continue providing these important services to their communities.**

The Nebraska Department of Health & Human Services (NDHHS), Office of Rural Health has estimated that the proposed rule would cover only 23 of the 122 current Medicare certified RHCs in Nebraska. Nebraska has established guidelines that allow the governor to designate certain areas as eligible for an RHC. If Nebraska's guidelines are taken into consideration, 100 of the 122 Nebraska RHCs would be covered and allowed to retain their RHC status. The NHA understands that additional revisions could be made to Nebraska's guidelines to ensure that all of our state's current RHCs would continue to maintain this designation. **The NHA recommends that HRSA include a "grandfather" provision in any final rule that would allow all existing RHCs to automatically retain this designation.**

The NHA appreciates the efforts of the NDHHS, Office of Rural Health to review the proposed rule and estimate the impact to Nebraska. However, at this point we believe that additional analysis of the effect this will have on access to care and any corresponding fiscal impact needs to be conducted before any rule changes are finalized. **The NHA urges HRSA to withdraw the proposed rule for further field testing and analysis and invite stakeholders to assist the agency in its goal to improve the designation process for HPSAs and MUA/Ps.**

The NHA appreciates the opportunity to submit these comments on the proposed rule. If you have any questions about these comments, please feel free to contact David Burd, Senior Director of Finance, at (402) 742-8144 or dburd@nhanet.org.

Sincerely,



Laura J. Redoutey, FACHE  
President