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United States Department of Health and Human Services  
5600 Fishers Lane  
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Submitted Electronically to [RFIComments@hrsa.gov](mailto:RFIComments@hrsa.gov)

**Re: Rural Health Grants Eligibility Request For Information**

The Federation of American Hospitals (FAH) is the national representative of more than 1,000 investor-owned or managed community hospitals and health systems throughout the United States. Our members include teaching and non-teaching full-service community hospitals in urban and rural parts of America, as well as inpatient rehabilitation, psychiatric, long-term acute care, and cancer hospitals. We appreciate the opportunity to respond to the Health Resources and Services Administration's (HRSA) request for information (RFI) regarding rural health grant eligibility criteria for Federal Office of Rural Health Policy (FORHP) administered grants.

We strongly believe current grantee eligibility criteria has a material impact on rural health organizations' ability to apply for and leverage such grant funding. Accordingly, we commend FORHP's efforts to align its programs with the current rural health care landscape and address the multitude of challenges that rural health currently faces throughout the United States.

As FORHP recognizes, our country has a real challenge in seeking to maintain and expand quality health care in rural areas. Meeting that challenge requires an understanding of the current and evolving way in which care is delivered in these areas and the alignment of federal policy to support all providers of care in rural areas, regardless of their tax-paying status. The FAH believes that limiting rural health grants to nonprofit and public entities only curtails FORHP's ability to further the goal of increasing access to quality care in rural communities.

The FAH recognizes that currently, the applicable statute (Section 330A(e) of the Public Health Service Act (Statute)) limits the ability of HRSA and/or FORHP to directly

fund grants to tax-paying entities in connection with the community-based grant programs in rural areas. The FAH does not believe this limiting eligibility criterion is appropriate given the important and growing roll that tax-paying hospitals play in the delivery of care in rural areas. The limitation is an arbitrary prohibition that harms patients served by these hospitals. In some instances, a tax-paying hospital may very well be the only or most accessible facility in a particular rural community, especially in times of an emergency. Accordingly, the FAH believes that HRSA should seek an amendment to the Statute to allow tax-paying entities the opportunity to participate in FORHP administered community grant programs, thereby increasing access to care in rural communities. The current limitation on eligibility criteria arbitrarily prevents these critical providers of care (*i.e.*, tax-paying rural hospitals) from accessing the resources to maintain and expand their ability to provide quality rural health care, thereby furthering the grant program's goals and purposes.

Below we provide further detail in response to some of the specific questions posed in the RFI.

**Question 2: What impact, if any (positive or negative), does the eligibility criteria governing community-based programs administered by FORHP have on your ability to apply for and leverage grant funding through FORHP? Specify which criteria you are referring to in your response (e.g., one application per EIN, rural public or nonprofit private status, etc.).**

*Opening Eligibility to Tax-Paying Entities Furthers the Goals of the Rural Health Program Grants.*

Tax-paying hospitals are not eligible to apply for most FORHP administered programs based solely on their tax-filing status. This lack of access among tax-paying rural hospitals unjustly ignores a significant component of the health care safety net serving impoverished and uninsured patients.<sup>1</sup> Despite Congress' recognizing that both categories of providers, both nonprofit and tax-paying, play an important part in the health care safety net in rural communities, tax-paying hospitals remain ineligible for most FORHP programs.<sup>2</sup>

The FAH membership includes tax-paying rural hospitals serving the neediest populations in the country with a mission and purpose aligned with that of the FORHP community-based grant programs. Despite serving the populations targeted by FORHP rural health grants, these hospitals are ineligible to apply for most rural health grants based solely

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<sup>1</sup> "Targeted Look at the Rural Health Care Safety Net" – A Report to the Secretary U.S. Department of Health and Human Services, National Advisory Committee on Rural Health (April 2002). ("Rural hospitals play a critical role in the safety net because they are so often the locus of care in the rural areas")

<sup>2</sup> Health Safety Net Amendments of 2001, Senate Report No. 107-83, S.Rep. 107-83 (2001) at p.18 ("... applicants for the Small Health Care Provider Quality Improvement grants can be either public or private for-profit entities. The committee makes this distinction because in many small, rural underserved communities, the safety net has a much broader definition than in non-rural areas, and it is the privately practicing physician who represents the most likely applicant. These privately practicing physicians represent an important part of the health care safety net in the United States. The committee wants to acknowledge their important contribution to making health care accessible and affordable. The committee is confident that the reauthorization and expansion of this important program will provide much needed assistance to rural underserved communities not previously supported by the program.")

on their tax-filing status, a characteristic the FAH submits is wholly unrelated to its beneficial contribution to the rural health system and national health care safety net.

**Question 3. What impact, if any, does the eligibility criteria governing community-based programs administered by FORHP have on the quality of and/or access to rural health care services in your community or region? Specify which criteria you are referring to in your response (e.g., one application per EIN, rural public or nonprofit private status, etc.).**

*Limiting Rural Health Program Grant Eligibility to Nonprofits Diminishes FORHP's Ability to Pursue the Program Goal of Expanding and Improving Rural Health Care*

The contributions and improvements that rural hospitals provide to their communities is not dependent on a facility's tax-filing status. Both nonprofit and tax-paying hospitals are integral parts of their rural communities by: serving the neediest populations in the country; operating as a primary community employer; supporting community programs aimed at social determinants of health; and increasing local access to health care resources within a reasonable reach.<sup>3</sup> Just like nonprofit hospitals, tax-paying hospitals face unique and significant challenges such as: addressing the opioid epidemic, geographic isolation, lack of broadband, workforce shortages, capacity challenges, increased need for behavioral health services, aging infrastructure, provider retention and low payer mix, to name a few. In addition, patients in these communities share the same challenging conditions as those served by nonprofit hospitals, such as extreme distances and limited access to a primary care provider and specialists.

Limitations on eligibility for rural health care grant programs based on hospital tax-filing status is, once again, completely arbitrary. Tax-filing status has no impact on a hospital's critical contributions to these rural communities, or its commitment to improving care for the patients it serves. By eliminating these hospitals from grant fund eligibility, HRSA is de facto eliminating entire communities from receiving the resources they need to improve the health and social infrastructure for the nation's sickest and neediest populations. Indeed, tax-paying hospitals, which Federal data shows provide more uncompensated care as a percentage of hospital costs than voluntary hospitals, offer the added benefit of providing local communities with an additional revenue source to supplement efforts to improve social determinants of health such as housing, education, and transportation. Further, given the alarming rate of rural hospital closures (almost 100 rural hospitals have closed since 2010),<sup>4</sup> it is important that all remaining rural hospitals, regardless of tax-filing status, are eligible to apply for and receive grant funding.

While Congress, HRSA, and FORHP all agree that the rural patient is in great need of improved health care services and access, in the end, it is the rural community, and the patients who call it home, who suffers due to this disproportionate treatment of tax-paying rural hospitals.

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<sup>3</sup> *Rural Report – Challenges Facing Rural Communities and the Roadmap to Ensure Local Access to High Quality, Affordable Care*, American Hospital Association <https://www.aha.org/system/files/2019-02/rural-report-2019.pdf> (2019)

<sup>4</sup> *Id.*

**Question 5. What specific suggestions do you have for revising the eligibility criteria governing community-based grant programs administered by FORHP (how and to what extent)?**

*Tax-Paying Hospitals Should be Eligible to Apply for Rural Health Program Grants*

For the reasons discussed above, the FAH strongly recommends that FORHP open rural health program grant eligibility to tax-paying hospitals. FAH appreciates that the Statute, at Section 330A(e) of the Public Health Service Act, limits applicants to public and nonprofit entities. However, for the reasons stated above and to overall further the stated purpose of FORHP rural health care grant programs, the FAH respectfully suggests HRSA and/or FORHP pursue a statutory change to eliminate such eligibility criteria from Section 330A(e).

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The FAH appreciates the opportunity to comment. We look forward to partnering with HRSA and FORHP as we strive for a continuously improving health care system in rural areas and nationally. If you have any questions regarding our comments, please do not hesitate to contact me or a member of my staff at (202) 624-1531.

Sincerely,

