



June 26, 2025

Dear Senator Thune,

We have received reports of Senate conversations concerning a new fund to support rural hospitals, and we sincerely appreciate your recognition of their needs. While we appreciate attention to the value of supporting rural residents and the role that strong rural communities play in supporting all Americans, we feel strongly that the rumored proposed fund would be far too small and too narrowly focused to achieve what we believe may be its intent of creating a workable situation for our states and their hospitals if coupled with the Senate Finance Committee's provisions related to provider taxes and directed payments. We maintain that those provisions would harm beneficiaries, threaten the viability of struggling hospitals across the nation, and cripple state budgets.

Rural hospitals, along with providers serving rural communities, face significant challenges and serve a large proportion of patients covered by Medicaid and Medicare, both of which reimburse hospitals and providers below the cost of care. Consequently, nearly half of rural hospitals operate with negative margins. Alarming, over 750 rural hospitals, or 34%, are at risk of closing, with 14% of these at immediate risk. We continue to remind our congressional delegations how all hospitals - rural, urban, and suburban - are key to the healthcare continuum and are facing headwinds that could destabilize health and healthcare in our states. Hospitals work together to provide key services such as maternal

health and behavioral health that are chronically underfunded and particularly difficult to deliver in rural settings.

The existing system of provider tax and state-directed payment programs is essential to compensate hospitals and providers for patient care, and those mechanisms must be maintained. Stable funding is vital not only for serving Medicaid beneficiaries but also for providing care to all patients, including the uninsured, those with commercial insurance, and our seniors and disabled patients on Medicare. Severe cuts to Medicaid inevitably would lead to cuts in healthcare services for all Americans.

The President promised that Americans on Medicaid would not lose their benefits. We urge you and your colleagues to fulfill the President's promise by preserving and strengthening Medicaid. We advocate for a return to the carefully crafted compromise provisions of H.R. 1 and are open, as always, to conversations about how best to strengthen our communities in creative and fiscally responsible ways.

Thank you for your attention to this critical matter.

Sincerely,



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