



The Hospital + Healthsystem
Association of Pennsylvania

Leading for Better Health

June 20, 2023

The Honorable Joanna McClinton
Speaker
Pennsylvania House of Representatives
139 Main Capitol Building
Harrisburg, PA 17120-2191

The Honorable Matt Bradford
Democratic Leader
Pennsylvania House of Representatives
110 Main Capitol Building
Harrisburg, PA 17120-2070

The Honorable Bryan Cutler
Republican Leader
Pennsylvania House of Representatives
423 Main Capitol Building
Harrisburg, PA 17120-2100

Leaders of the Pennsylvania House of Representatives:

On behalf of 235 hospital and health system members statewide—as well as the patients and communities they serve—The Hospital and Healthsystem Association of Pennsylvania (HAP) writes today to express its support for House Bill (HB) 1351, introduced by Representative Dan Frankel, which will amend Act 108 of 2019 known as the Pennsylvania Rural Health Redesign Center Authority Act.

Act 108 of 2019 established the Pennsylvania Rural Health Redesign Center Authority (RHRCA) which is the governing body for the Pennsylvania Rural Health Model. In 2020, during the midst of the pandemic, the RHRCA leaders successfully chartered a highly functioning organization to support the hospitals and payors who volunteered for this important pilot in 2019. Five hospitals and five payors set forth the innovative payment and care delivery model pilot. Initially funded by the Centers for Medicare & Medicaid Innovation, the model allows rural hospitals to step off the fee-for-service “hamster wheel” and focus on what their communities actually need. It provides hospitals with stable, predictable funding which enables them to truly transform the care that they provide.

The model has successfully grown to 18 hospitals and six payors and has approximately 1.3 million covered lives. The estimated regional impact of these hospitals is \$2.4 billion, representing 5 percent of spending contributions, which accounts for almost 18,000 jobs representing 6 percent of salary contributions and 6 percent of jobs for Pennsylvanians.

As rural hospitals continue to struggle financially, this model has provided a lifeline for some of our most vulnerable facilities as well as an opportunity for Pennsylvania to lead the way in developing an alternative that can be implemented nationwide.

A key success factor has been the authority’s ability to bring stakeholders together to focus on a common goal: improving the health of the communities being served by participating



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hospitals. The pilot truly shows what state administrative leaders, legislators, hospitals, and payors can accomplish—through partnership and collaboration—when incentives are aligned.

In order to continue this important work, it is imperative that the commonwealth shows its support for its rural hospitals by appropriating funding to the Rural Health Redesign Center and forgiving Department of Health loans. This funding will be used to continue operations which support the 18 rural hospitals participating in this program who are caring for some of our state's most vulnerable populations. HB 1351 also provides an imperative fix to board terms for the Rural Health Redesign Center. Staggering the board terms will ensure continuity in board operations.

We urge your support of HB 1351 and request that the legislation be made a priority to move swiftly for full Senate consideration.

Thank you for your time, consideration, and work to improve health care for all Pennsylvanians. If you have any questions, comments, or concerns, please contact me at HTyler@HAPonline.org or (717) 433-1997. We stand ready to assist in this vital work.

Sincerely,

Heather Tyler
Vice President, State Legislative Advocacy

cc: Representative Dan Frankel