



The Hospital + Healthsystem
Association of Pennsylvania

Leading for Better Health

June 20, 2023

The Honorable Kim Ward
President Pro Tempore
Pennsylvania Senate
292 Main Capitol Bldg.
Harrisburg, PA 17120-3039

The Honorable Joe Pittman
Majority Leader
Pennsylvania Senate
350 Main Capitol Bldg.
Harrisburg, PA 17120-3041

The Honorable Jay Costa
Minority Leader
Pennsylvania Senate
535 Main Capitol Bldg.
Harrisburg, PA 17120-3043

Leaders of the Pennsylvania Senate:

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 Senate Bill (SB) 768, introduced by Senator Michele Brooks, 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. Five hospitals and five payors set forth the innovative payment and care delivery model pilot in 2019. 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



Leading for Better Health

Leaders of the Pennsylvania Senate
June 20, 2023
Page 2

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. SB 768 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 SB 768 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: Senator Michele Brooks