American Hospital Association

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March 10, 2015

The Honorable James Renacci
United States House of Representatives
328 Cannon House Office Building
Washington, DC 20515

Dear Congressman Renacci:

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, and our 43,000 individual members, the American Hospital Association (AHA) is pleased to support H.R. 1343, the "*Establishing Beneficiary Equity in the Hospital Readmission Program Act of 2015*." Your legislation is a critical to ensuring that hospitals caring for our nation's most vulnerable patients are not unfairly penalized under the Hospital Readmissions Reduction Program (HRRP).

The HRRP requires the Centers for Medicare & Medicaid Services (CMS) to penalize hospitals for "excess" readmissions when compared to "expected" levels of readmissions. America's hospitals are strongly committed to reducing unnecessary readmissions. However, three years of experience with the HRRP shows that hospitals caring for the poorest patients are disproportionately more likely to incur a penalty. Hospitals treating a higher proportion of poor patients fare worse in the HRRP because the current structure fails to recognize that community and demographic factors outside the control of the hospital play a significant role in determining how likely it is that a patient's health will continue to improve after discharge from the hospital, or whether a readmission may be necessary.

Research has demonstrated the link between high readmission rates and markers of low socioeconomic status among hospital patient populations. This link exists because hospitals caring for disadvantaged populations face gaps in available community resources that help prevent readmissions – such as primary care, mental health services, physical therapy, easy access to medications and food that meets the patient's prescribed diet, and other rehabilitative services. Accordingly, the Medicare Payment Advisory Commission (MedPAC) has urged Congress and CMS to make changes to the HRRP. While we absolutely agree that hospitals should do all within their power to reduce readmissions, the existing program penalizes hospitals for factors beyond their control, and takes away critical resources from the hospitals and patients that need them most.

Your bill would greatly improve the fairness of the HRRP by requiring CMS, during a two-year "transitional" period, to adjust hospital performance by taking into consideration both the proportion of dual-eligible patients served by a hospital as well as their patients' sociodemographic status, which could include such factors as income, education level and living conditions. Both dual-eligible and Census data are readily available to CMS, and serve as proxies to ensure that hospital performance is compared fairly while maintaining an incentive for all hospitals to reduce unnecessary readmissions.

In applying adjustments after the transition period, CMS will be expected to take into account the findings of a report on socioeconomic adjustment mandated by the Improving Medicare Post-Acute Transformation Act. In addition, the legislation calls for a study on the appropriateness of a 30-day window for measuring readmission, asks CMS to consider how to account for non-compliant patients and calls for recommendations on excluding patients whose clinical conditions lead to regular readmissions.

Your legislation is a crucial step in correcting a weakness of the HRRP. We look forward to working with you to enact H.R. 1343.

Sincerely,

/s/

Rick Pollack
Executive Vice President