



Liberty Place, Suite 700
325 Seventh Street, NW
Washington, DC 20004-2802
(202) 638-1100 Phone
www.aha.org

February 7, 2014

The Honorable Jim Renacci
United States House of Representatives
130 Cannon House Office Building
Washington, DC 20515

Dear Representative 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) strongly supports your proposed legislation, the *Establishing Beneficiary Equity in the Hospital Readmission Program Act*. The bill is a critical step toward ensuring that hospitals caring for our nation's most vulnerable patients are not unfairly penalized under the Hospital Readmissions Reduction Program (HRRP). The bill also includes other important provisions that ensure hospital performance improvement efforts are focused on those readmissions that can, and should, be prevented.

The HRRP requires the Centers for Medicare & Medicaid Services (CMS) to penalize hospitals for "excess" readmissions when compared to "expected" levels of readmissions beginning on Oct. 1, 2012. America's hospitals are strongly committed to reducing unnecessary readmissions. However, early experience with the HRRP shows that hospitals caring for the poorest patients are not only more likely to incur a penalty, but also to incur the maximum penalty under the program. The current HRRP fails to recognize that community 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. While we absolutely agree that hospitals should do all within their power to reduce readmissions, the existing program penalizes hospitals for community factors beyond their control, and takes away critical resources from the hospitals and patients that need them most.



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Your bill greatly improves the fairness of the HRRP by requiring CMS to adjust hospital performance for the proportion of inpatients dually eligible for Medicare and Medicaid. Dual-eligibility status is a well-established proxy of low socioeconomic status and uses data readily available to CMS. In short, it is an excellent way to ensure that hospital performance is compared fairly while maintaining an incentive for all hospitals to reduce unnecessary readmissions.

The AHA also supports other provisions in your bill that will ensure hospitals are focused on the most important preventable readmissions. Specifically, the bill instructs CMS to exclude certain categories of patients (e.g., transplant, psychosis, end-stage renal disease) for whom frequent hospitalizations – and, therefore, readmissions – are often clinically necessary. The bill also asks CMS to consider the use of billing codes to exclude cases where hospitals may otherwise be penalized for non-compliance with treatment. This exclusion builds on the HRRP's existing exclusion of patients who are discharged against medical advice.

Your legislation is a crucial step in correcting the flaws of HRRP. We look forward to working with you to enact this legislation and to make other needed improvements in the program.

Sincerely,

/s/

Rick Pollack
Executive Vice President