



**American Hospital
Association**

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

June 19, 2014

The Honorable Joe Manchin
United States Senate
306 Hart Senate Office Building
Washington, DC 20510

Dear Senator Manchin:

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 the Hospital Readmissions Program Accuracy and Accountability Act of 2014. 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, 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. Hospitals treating a higher proportion of low income patients fare worse in the HRRP because the current structure 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. 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.



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Your bill greatly improves the fairness of the HRRP by requiring CMS to adjust hospital performance by using census tract data to account for socioeconomic factors such as income and education level. Census data are readily available to CMS, and is an appropriate proxy to ensure that hospital performance is compared fairly while maintaining an incentive for all hospitals to reduce unnecessary readmissions.

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

Sincerely,

Rick Pollack
Executive Vice President