



**American Hospital
Association®**

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September 1, 2016

United States House of Representatives
Washington, DC 20515

Dear Member of Congress:

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations – including 270 long-term care hospitals (LTCHs) – the American Hospital Association (AHA) writes to express our support for H.R. 5713, The Sustaining Healthcare Integrity and Fair Treatment Act of 2016.

The legislation would provide an additional nine-month extension of 25% Rule relief for LTCH discharges between Oct.1, 2016 and June 30, 2017. For LTCH referrals that exceed a specified threshold, the 25% Rule policy currently reduces the Medicare payment from the LTCH rate to a far lower amount that is equivalent to an inpatient prospective payment system payment. This policy arbitrarily penalizes LTCH admissions based on the origin of an LTCH referral, with complete disregard for the patient's medical necessity for LTCH services. The rule was intended to reduce “inappropriate” admissions to LTCHs; however, its focus on referral source rather than a patient's clinical status means that the Centers for Medicare & Medicaid Services would reduce LTCH payments for medically-appropriate care in the LTCH setting.

Furthermore, the 25% Rule is wholly outdated given the major LTCH transformation underway due to the Bipartisan Budget Act's implementation of site-neutral payment. As of October 2015, this payment change is reshaping the LTCH field by reducing payment by 73 percent for one out of every two LTCH cases. Given the magnitude of this payment cut, further 25% Rule burdens have become even more inappropriate.

Your support of regulatory relief from the 25% Rule is vital, especially given the level of change LTCHs currently face. We look forward to working with you to pass this important legislation so that meaningful relief can be achieved. If you have any questions, please contact me or Aimee Kuhlman, AHA senior associate director of federal relations, at akuhlman@aha.org. Thank you again for your leadership.

Sincerely,

/s/

Thomas P. Nickels
Executive Vice President

