



**American Hospital  
Association®**

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May 23, 2016

The Honorable Kevin Brady  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Sander M. Levin  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Pat Tiberi  
Chairman  
Committee on Ways and Means,  
Health Subcommittee  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Jim McDermott  
Ranking Member  
Committee on Ways and Means  
Health Subcommittee  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Brady, Ranking Member Levin, Chairman Tiberi and Ranking Member McDermott:

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. 5273, the Helping Hospitals Improve Patient Care Act of 2016.

America's hospitals appreciate your leadership on behalf of the hospital community. You clearly understand the unintended consequences of last year's Bipartisan Budget Act (BBA), which severely impacted hospital outpatient facilities under development and jeopardized access to patient care. Under current law, facilities operating before Nov. 2, 2015 are "grandfathered" and can continue to be paid at the hospital outpatient department (HOPD) rate, while new facilities opening after Nov. 2, 2015 are capped at the lower Physician Fee Schedule rate. But the BBA did not provide for HOPDs that had already begun construction and spent millions of dollars and countless man hours to build facilities based on the prior reimbursement amounts. In addition, the way BBA was developed, with no hearings or Committee consideration, with legislative text released approximately one week before it was signed into law, put those HOPDs in an unfair and untenable situation.

In your legislation, you address this concern by moving the grandfather date from Nov. 2, 2015 to Dec. 31, 2016, or 60 days after enactment, whichever is later. This will allow HOPDs that narrowly missed the November deadline, but will open shortly, to qualify. For those select HOPDs that would qualify, this legislation is a significant relief, and we are supportive of the legislation on their behalf. Unfortunately, because hospital construction projects take a long time



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to bring to completion, some HOPDs that were underway on Nov. 2, 2015 will not be completed by Dec. 31, 2016 in order to qualify for the grandfather. We would like to continue to work with the Committee to find additional ways to address the issue. At the same time, we recognize that, by taking this good first step in H.R. 5273, taking a future step to address these other facilities would be made far more possible.

Of particular note, we also support the policy in Section 102, “Establishing beneficiary equity in the Medicare hospital readmission program,” which recognizes that measures used in the readmissions program need to be adjusted to account for socioeconomic status. Under this section, there will first be a transitional risk adjustment based on the proportion of patients in a hospital that are dually eligible for Medicare and Medicaid. The Secretary of Health and Human Services will be able to permanently substitute a more refined methodology following the analysis required by the Improving Medicare Post-Acute Care Transformation Act of 2014. We greatly appreciate the inclusion of this provision in the legislation.

We also are supportive of the inclusion of Section 103 of the bill, the “Five-Year Extension of the Rural Community Hospital Demonstration Program.” This provision requires the Secretary to extend the current-law Rural Community Hospital Demonstration for an additional five years. This program has become vital to participating hospitals and is providing valuable data on potential new models for these vulnerable hospitals.

We are grateful for the willingness of the Committee and its staff to work with the hospital field to find solutions and we appreciate the opportunity to continue that work as this bill moves to Committee mark-up and floor consideration. One of those additional solutions we would like to be considered for inclusion is 25% Rule relief, as found in H.R. 4650, the Preserving Patient Access to Post-Acute Hospital Care Act of 2016 (introduced by Reps. Buchanan and Pascrell). We look forward to working with you on this and other issues in the future.

If you have any questions, please contact Erik Rasmussen, vice president for legislative affairs, at [erasmussen@aha.org](mailto:erasmussen@aha.org) or (202) 626-2981.

Sincerely,

/s/

Tom Nickels  
Executive Vice President