NAUH
NATIONAL ASSOCIATION OF URBAN HOSPITALS

February 24, 2016

The Honorable Kevin Brady
Chairman, House Ways and Means Committee
United States House of Representatives
Washington, DC 20515

The Honorable Pat Tiberi
Chairman, House Ways and Means Committee,
Subcommittee on Health
United States House of Representatives
Washington DC 20515

Dear Chairmen Brady and Tiberi:

The National Association of Urban Hospitals has written to the committee in the past about inequities in the Medicare hospital readmissions reduction program and our belief that the best way to address those inequities is by adding a risk adjustment component to the program. We support H.R. 1343, the Establishing Beneficiary Equity in the Hospital Readmissions Program Act, and S. 688, a bill of the same name in the Senate, both of which would direct the Centers for Medicare & Medicaid Services (CMS) to introduce such risk adjustment to the program. These measures enjoy bipartisan co-sponsorship and support in both chambers.

Now our association of private, non-profit urban safety-net hospitals is writing to urge you to convey the urgency of this need to CMS by working through your committee to gain passage of H.R. 1343 or similar legislation.

Recently CMS published *Guide to Preventing Readmissions Among Racially and Ethnically Diverse Medicare Beneficiaries*, which seeks to advise hospitals on how to reduce Medicare readmissions. This document falls short in important respects. First, while CMS acknowledges that the program's penalties are falling heavily on a limited group of hospitals, it does not accurately identify the key characteristics so many of those hospitals share. CMS identified just two social determinants, race and ethnicity, when we know the readmissions problem can be traced just as clearly to other social determinants as well, including far more relevant socio-economic considerations such as income, education, employment status, and many others. And second, CMS's guidance focuses on considerations over which hospitals have control, recommending measures and approaches that hospitals have already been employing for years, and as if those approaches are new and innovative, without acknowledging that many of the causes of readmissions are considerations that are beyond hospitals' control and require broader societal efforts to address.

Our concern at this time is that CMS may view its publication of *Guide to Preventing Readmissions Among Racially and Ethnically Diverse Medicare Beneficiaries* as a timely response that will make a difference. It is not and it will not, and we believe that five years after this problem was brought to CMS's attention it is time for the agency to act in a more appropriate manner to treat fairly the hospitals that face the biggest challenge in reducing Medicare readmissions. In the face of such inaction, urban safety-net hospitals and others like them are bearing the brunt of the readmissions program's financial penalties: they are more likely to be penalized by the program and more likely to suffer the program's larger penalties.

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We now have seen significant evidence that the readmissions reduction program is unfair to hospitals like ours that serve especially large numbers of low-income patients. In recent years, the *New England Journal of Medicine*, the *Annals of Internal Medicine*, the journals *Health Affairs* and *Health Services Research*, and others have published research confirming this belief; the Department of Human Services' own Agency for Healthcare Research and Quality has done the same; and the Medicare Payment Advisory Commission (MedPAC), Congress's own advisor on Medicare payment policy, has said the same thing. These conclusions are borne out by the numbers: the high rate at which urban safety-net hospitals and others like them are penalized, and penalized significantly, by the readmissions reduction program.

The challenges the Medicare readmissions reduction program pose to urban safety-net hospitals and others like them were brought to CMS's attention five years ago and the agency still has not acted. Now, the National Association of Urban Hospitals urges Congress to compel it to do so.

We welcome any questions you may have about the Medicare readmissions reduction program, its unfair and disproportionate penalization of private, non-profit urban safety-net hospitals, and what can be done to address this problem.

Sincerely,

Ellen Kugler
Executive Director