

November 30, 2016

Mr. Donald Trump
President-elect of the United States
1717 Pennsylvania Avenue, N.W.
Washington, DC 20006

Dear President-elect Trump:

On behalf of the American Hospital Association (AHA), we congratulate you on being elected as the 45th President of the United States of America. We look forward to working with you and your Administration as you examine improvements to America's health care system.

The AHA envisions a society of healthy communities, where all individuals reach their highest potential for health. It is a society where every individual has access to affordable, comprehensive health care services. It is a place where innovations and technologies allow individuals to receive the best care in a seamless fashion, and where a renewed focus on wellness and prevention has resulted in Americans living healthier and more productive lives. Our nearly 5,000 member hospitals, health systems and other health care organizations are furthering this vision by broadening access to health care services, improving health care quality and making health care more affordable.

America's hospitals are vital to meeting the health care needs of the communities they serve. They provide access to care 24 hours a day, seven days a week, promote the health and well-being of the community, and, as part of the public health infrastructure, stand ready to assist in times of disaster. Moreover, they contribute significantly to the overall economy. In 2014, hospitals employed 5.6 million people and were the second largest source of private-sector jobs. Hospitals also purchase goods and services from other local businesses, creating a "ripple effect" that supports more than \$2.7 trillion in economic activity.

In today's transformative and challenging environment, we are proud of the contributions of America's hospitals and health systems, and are encouraged by the opportunities to lead our health care system into the future. To help advance health in America, we ask that your Administration – in collaboration with Congress and the courts, and in partnership with health care providers – help modernize the public policy environment to enhance providers' ability to improve care and make it more affordable for patients.

First, we need to reduce regulatory burden. The regulatory burden faced by hospitals is substantial and unsustainable. We urge your Administration to modify or eliminate duplicative, excessive, antiquated and contradictory provider regulations. Reducing the administrative complexity of health care would save billions of dollars annually and would allow providers to spend more time on patients, not paperwork. Specifically, we urge your Administration to:

- Cancel Stage 3 of the meaningful use program so that hospitals will not be forced to spend large sums of money upgrading their electronic health records (EHRs) solely for the purpose of meeting regulatory requirements;
- Revise the Recovery Auditor Contractor (RAC) contracts to incorporate a financial penalty for high rates of incorrect denials that lead to unnecessary appeals, which is contributing to a multi-year backlog of claims awaiting adjudication;
- Create exception safe harbors and waivers under the Anti-kickback statute to protect clinical integration arrangements and revise the “Stark law” to protect arrangements that meet the Anti-kickback safe harbor so that physicians and hospitals can work together to improve care;
- Standardize the federal merger review process between the Federal Trade Commission and the Department of Justice to better support hospital transformation; and
- Eliminate outdated regulations that threaten access to post-acute care, such as the long-term care hospital “25% Rule” and the onerous home health agency pre-claim review demonstration project.

Second, we need to enhance affordability and value. Hospitals are working hard to make care more affordable by improving performance, adopting new payment and delivery models, enhancing quality and advancing health information technology (IT). For the past several years, growth in hospital spending has been at historic lows. Moreover, the increased spending on hospital care is mainly due to increases in utilization and intensity of services, not hospital prices. To continue these trends, we urge your Administration to:

- Adopt a comprehensive set of solutions to address escalating drug prices, including providing support for the introduction of generic alternatives, discouraging anti-competitive tactics such as “pay-for-delay” and “evergreening,” improving access through drug reimportation, providing mandatory rebates and placing requirements around direct-to-consumer advertising;
- Protect the 340B Drug Pricing Program, which allows eligible hospitals to reduce the price of expensive outpatient pharmaceuticals for patients;
- Continue to challenge the major health insurance company mergers and other anticompetitive conduct to prevent harmful repercussions for consumers and providers;
- Explore policies to help rein in medical liability, such as instituting a cap on non-economic damages and allowing courts to limit lawyers’ contingency fees; and
- Explore Medicare structural reforms to make the program more sustainable while maintaining access to care, ensuring adequate payment for care, and protecting individuals from excessive financial burden, such as combining Medicare Parts A and

B, limiting Medigap coverage, further means-testing Medicare premiums and raising the Medicare eligibility age.

Third, we need to continue to promote quality and patient safety. Improvements in quality and patient safety are accelerating, but providers are stymied by an ever-increasing number of quality reporting requirements, many of which are overlapping, conflicting and fail to focus on actual opportunities to improve care. In addition, we need to ensure we have the workforce and health IT infrastructure to best support care delivery. We urge your Administration to:

- Streamline, prioritize and simplify quality reporting to identify and focus on meaningful and valid “measures that matter;”
- Modify the current readmissions policy to include a sociodemographic adjustment so that providers are not penalized for factors outside of their control;
- Suspend the flawed hospital star ratings on the Hospital Compare website, as they are inaccurate and provide misleading information to consumers;
- Develop a performance reporting option that allows hospital-aligned physicians to fulfill the Medicare Access and CHIP Reauthorization Act (MACRA) quality reporting requirements based on hospital measures;
- Stop federal agency intrusion in private sector accrediting body standards and survey processes;
- Advance health IT by supporting the adoption of interoperable EHRs, promoting a more consistent use of IT standards and providing improved testing, certification and transparency about vendor products; and
- Reject reductions in Medicare funding for graduate medical education to ensure we have the workforce necessary to provide high quality, safe care to patients.

Fourth, we need to ensure access to care and coverage. Access to health insurance is critical for a healthier, more productive America. The Affordable Care Act (ACA), while in need of reform, provided insurance coverage to more than 20 million previously uninsured individuals. In revisiting the ACA, we urge you to take measures to ensure access to affordable health care services. Specifically, we urge your Administration to:

- Continue funding for the Children’s Health Insurance Program to ensure critical health coverage for vulnerable children;
- Improve access to mental health services by addressing workforce shortages, increasing funding for behavioral health services, promoting policies that better integrate mental and physical health, and creating parity in coverage;
- Remove barriers to mental health treatment, such as amending the Medicaid Institution for Mental Disease exclusion, eliminating the Medicare 190-day lifetime limit on inpatient psychiatric treatment, and providing funding to implement the Comprehensive Addiction and Recovery Act to help stop the opioid crisis in America;
- Reject any “site-neutral” payment cuts, which prevent hospitals from modernizing their facilities to improve the health of patients; and
- Urge Congress to remove impediments preventing veterans from using the Veterans Choice Program and advocate to make the program permanent.

Finally, we need to continue to advance health system transformation and innovation. Hospitals have been at the forefront of innovative new payment and care delivery models, such as accountable care organizations (ACOs) and bundled payments. We believe it is critically important that the health care sector continue to transform toward providing greater value for its services, and these new models – which require significant upfront investment – hold the promise to improve patient convenience, care coordination and quality, while achieving cost savings. We ask your Administration to:

- Preserve and improve upon new payment and delivery models to drive adoption of those that are most effective in raising quality and reducing cost;
- Promote the use of telehealth, remote patient monitoring and similar technologies by removing barriers to their use and payment;
- Waive the skilled nursing facility three-day stay rule, telehealth restrictions and prospective beneficiary assignment from all ACO models;
- Expand the definition of advanced alternative payment models to allow more clinicians who partner with hospitals on new models to achieve payment incentives under MACRA; and
- Provide new options on care delivery that reward better, more efficient, coordinated care and help ensure access to essential health care services.

As your Administration and Congress look to address the health care needs of Americans, we look forward to working with you on solutions that will ensure the adoption of sound public policies that result in more affordable, accessible, high-quality care. Given that health care represents a significant portion of the economy and essential public services, we urge you not to make any abrupt changes that could lead to significant instability for patients, providers, insurers and others. Currently, there is much uncertainty about the future, given discussions of repealing and replacing the ACA. We urge you to ensure that any repeal of portions of the ACA simultaneously include a replacement plan that continues to provide a mechanism for individuals to obtain affordable insurance coverage. In addition, providers' payments were reduced significantly to fund coverage expansion, and also should be reexamined as we debate the future of the ACA.

Hospitals serve as an anchor and key access point for health care services in their communities and, as such, are advancing health in America. We look forward to working with you and your Administration on public policy solutions to achieve our vision of a society of healthy communities where all individuals reach their highest potential for health.

Sincerely,

/s/

Richard J. Pollack
President and Chief Executive Officer