United States House Committee on
Ways & Means
CHAIRMAN JASON SMITH

H.R. 9468, *Saving Today's Acute-Care Resources (STAR) Act*

Rep. Hern (R-OK)

Background:

- Long-Term Care Hospitals (LTCHs) are specialty hospitals that treat the **sickest Medicare patients** who need hospital-level care for extended periods.
    - The average LTCH patient stays **more than 25 days in the hospital**.
    - **Medicare covers about two-thirds** of all patients treated in LTCHs and, recognizing the higher level of care, reimburses LTCHs at rates higher than standard hospitals.
- In 2015, Congress revised Medicare payments to LTCHs to ensure LTCHs received their higher reimbursement **only when caring for the truly sickest patients**.
    - Under the new rules, LTCHs receive the higher LTCH payment only for admitting patients that previously stayed at least **3 days in an intensive care unit (ICU)** or were treated for **96+ hours on a ventilator**; otherwise, the LTCH receives reimbursement equivalent to a standard hospital stay, which is lower than the LTCH rate.
    - While intended to ensure appropriate payment for patient care, these rules arbitrarily **required sick patients to stay longer in standard hospitals** instead of being cared for appropriately in LTCHs.
    - This unintended consequence **disrupts patient care** and leads to **overcrowding in standard hospitals**.
- Additionally, while the revised payment system restored integrity and curbed excessive Medicare spending on LTCHs, its unintended effects included **lower LTCH admissions, facility closures, and reduced patient access to care**.
    - Medicare LTCH admissions dropped from about **126,000 in 2016 to 59,000 in 2023**.
    - In 2012, there were **421 LTCHs nationwide**, falling to **338 in 2023**.
    - **78 LTCHs closed** between late 2015 and late 2020 after payment changes began, with nearly **50 additional closures** between 2018 and 2023.
- Additionally, current law **does not allow LTCH reimbursement for patients discharged from a Critical Access Hospital (CAH)** even if they meet the ICU or ventilator requirements; rather, these patients must go first to a standard hospital and meet the criteria again, **leading to unnecessary hospital transfers**.

H.R. 9468, *STAR Act*:

- Creates a new **expedited LTCH admission pathway** that allows seniors with the sickest conditions to access LTCHs without first being forced to spend three days in an ICU or 96 hours on a ventilator.
- Allows **rural seniors** being cared for in CAHs to be **directly admitted to an LTCH** without first spending unnecessary time in a standard hospital.