

January 24, 2022

The Honorable Charles Schumer
Majority Leader
United States Senate
322 Hart Senate Office Building
Washington, D.C., 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
1236 Longworth House Office Building
Washington, D.C., 20515

The Honorable Mitch McConnell
Minority Leader
United States Senate
317 Russell Senate Office Building
Washington, D.C., 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
2468 Rayburn House Office Building
Washington, D.C., 20515

Dear Senate Majority Leader Schumer, Speaker Pelosi and Minority Leaders McConnell and McCarthy:

Over the last several years of the COVID-19 pandemic, hospitals and health care providers across the country have faced unprecedented challenges. Vizient appreciates the actions Congress has taken thus far to help hospitals continue to provide critical care to their communities.

As you know, the pandemic continues to pose daunting challenges as hospitals are again overwhelmed with COVID-related hospitalizations, surpassing in many areas even the highest rates from earlier in the pandemic. This is occurring at a time when staffing challenges persist and as inflation and other costs to hospitals continue to rise. As a result, more relief is needed to aid providers in their efforts to respond to the COVID-19 pandemic and to continue to provide access to high quality health care.

Vizient is the nation's largest health care performance improvement company. Vizient provides solutions and services that improve the delivery of high-value care by aligning cost, quality and market performance for more than 50% of the nation's acute care providers, which includes 95% of the nation's academic medical centers, and more than 20% of ambulatory providers. Vizient provides expertise, analytics, and advisory services, as well as a contract portfolio that represents more than \$100 billion in annual purchasing volume, to improve patient outcomes and lower costs. Headquartered in Irving, Texas, Vizient has offices throughout the United States.

As you continue your negotiations around fiscal year 2022 funding, Vizient is pleased to offer our priorities for Congress to consider related to the ongoing response to the COVID-19 pandemic. To support our nation's hospitals, Vizient urges Congress to consider focusing on supporting essential hospital finances, providing critical investments in our caregivers, suspending Medicare sequestration payment cuts, making modifications to the Advanced and Accelerated payment programs and subsequent repayment flexibility, and ensuring 340B hospitals continue to maintain their eligibility in the program. These actions have been essential in averting financial and clinical disaster for our nation's hospitals.

While these efforts have provided critical support, the sustained duration of the pandemic and repeated emergence of new variants have signaled that our health system will be forced to continue operating under ongoing COVID-related clinical and operational pressures in the future. With that in mind, Vizient urges Congress to consider taking the following steps to mitigate near and long-term financial stress for hospitals.

Provider Relief Fund

Vizient and our provider members remain grateful for the critical lifeline of financial support offered by Congress throughout the course of the pandemic. Hospitals would have faced irreparable harm and lost the ability to provide care without critical relief from the Provider Relief Fund (PRF). It has served as a lifeline for hospitals to backfill costs and lost revenues related to the COVID-19 pandemic. However, most of the funding for the PRF has already been depleted, and there is a lack of clarity regarding how much of it remains and where it may be directed. What is clear, however, is that hospitals remain in need of additional resources.

To address the challenges faced by providers that are still in the midst of responding to both the Delta and Omicron variants, **Vizient requests that Congress urge the administration to quickly distribute any remaining PRF funds and to offer greater clarity and flexibility regarding the deadline by which to spend the funds and respond to reporting obligations.** Vizient has endorsed H.R. 5963, the Provider Relief Fund Improvement Act, which takes some of those important steps, and urges Congress to consider its quick adoption. **Additionally, due to the significant financial hardships providers are facing, Vizient asks Congress to provide additional funding for the PRF. We also urge the administration to clarify that PRF funds can be used to help offset any COVID-related costs, specifically those related to increased staffing and supply costs.**

Supporting the Health Care Workforce

During the COVID-19 pandemic, health care has not been spared from the critical labor shortages that have impacted the economy as a whole. Health care workers, driven by a wide array of challenges including COVID exposure and illness as well as stress and trauma related to the pandemic and other mental health needs, have been leaving the field in large numbers. As a result, hospitals and other health care providers have faced unprecedented challenges in maintaining essential staffing levels to provide needed care. Additionally, the vaccine mandate for eligible staff at most Medicare- and Medicaid-certified facilities, while well intentioned to keep patients safe from COVID, may place additional staffing pressures on many facilities, specifically those in rural areas, due to the risk of losing staff when fully enforced. In those instances, where staffing is already at critical levels, any additional pressures could jeopardize patient access to care. Hospitals need critical relief now to begin reassembling the capacity to deliver care, not only for COVID-19 patients but for those patients who have put off or could not access essential elective or scheduled care.

Vizient supports several pieces of legislation that would help to respond to immediate staffing needs for critical health care workforce. **A crucial piece of legislation that would help to provide a near immediate infusion of qualified nurses would be the adoption of the Healthcare Workforce Resilience Act (S. 1024/H.R. 2255), which would expand access to unused visas for essential medical professionals.** Additionally, the **Temporary Reciprocity to Ensure Access to Treatment (TREAT) Act, would allow qualified health care professionals to practice across state lines and via telehealth during the COVID-19 Public Health Emergency (PHE) with a 6-month transitional period after the declared emergency**

ends. Such added flexibility would provide another option to help providers fill emergency staffing needs.

Due to these emergency needs, temporary staffing agencies and travel nursing companies have become a more essential partner for health systems. However, despite the criticality of these agencies and the nurses they help to deploy, our members have reported examples of significant hourly cost increases to utilize contract nurses at rates 2-3 times higher than they were before the pandemic, with many of those rate increases being dedicated to agency profits. These increased costs are unsustainable, particularly for smaller rural and underserved hospitals. While hospitals have strived to increase salaries and incentives to compete, travel and contract nursing agencies' expanded recruitment efforts continue to pull a larger share of permanent staff away from hospital employment. **Staffing agencies play a vitally important role for hospitals, but Vizient believes that more needs to be done to examine practices of some agencies during the COVID-19 pandemic and we continue to encourage Congress and the administration to examine whether some of these actions may violate the law.**

Finally, the pandemic has truly exposed the vulnerabilities in our health care workforce and the need to both respond to immediate needs as well as plan for the future. Vizient and our members appreciate the additional 1,000 Medicare-support graduate medical education (GME) slots that Congress included in the Consolidated Appropriations Act of 2021. That investment is a meaningful start to begin addressing some of the longer-term medical workforce needs of the country. Further, the inclusion of the Title VIII Nursing Workforce Reauthorization Act in the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act in 2020 also dedicated further support for critical education and training for nurses through 2024.

However, Vizient strongly encourages Congress to adopt the Resident Physician Workforce Shortage Reduction Act of 2021 (S 834/H.R. 2256) and the Opioid Workforce Act (S. 1438/H.R. 3441) which would offer further needed long-term investments in medical education. Vizient continues to support additional programs that may ease the financial barriers to joining the clinical workforce, including loan repayments and other incentives to support health care workforce development and sustainable clinical staffing levels.

Preventing Unnecessary Medicare Payment Reductions

Vizient appreciates the passage of the Protecting Medicare and American Farmers from Sequester Cuts Act, which delayed the resumption of sequestration until April 1, 2022 and reduced the reduction to 1% before fully resuming the 2% reductions in July. While we are hopeful the pandemic pressure may ease as the Omicron variant wanes, resuming any sort of payment reductions in April would be damaging. **As such, Vizient urges Congress to act to avert those payment reductions until at least the end of the Public Health Emergency. In fact, considering the overall impact of the pandemic, Vizient encourages Congress to consider eliminating these arbitrary payment reductions altogether.**

Further, Vizient remains concerned that Congress has not fully addressed the statutory PAYGO scorecard and urges action early this session to prevent the risk of additional sequestration payment cuts in 2023. While Congress has never allowed these cuts to take place, the threat still unnecessarily exists and raises uncertainty for 2023 planning. Rebuilding and sustaining the health system in the aftermath of the pandemic while preparing for future public health crises will take sustained financial support. Congress should act now to avert the ongoing threat of payment cuts and provide stability for health system planning and investment decisions for the future.

Advanced and Accelerated Payments Program

Early in the pandemic, Congress took the critical step of allowing hospitals to access advanced Medicare payments through the Advanced and Accelerated Payments Program. Those early advanced payments provided essential relief for hospitals that took early and quick precautions and shut down elective services. While those advanced funds were crucial in allowing providers to continue to treat patients, the repayment terms are onerous, especially as the pandemic persists and continues to cause further financial difficulties. Congress acted expeditiously to improve payment terms and reduce repayment recoupment amounts in the Continuing Appropriations Act, 2021 and Other Extensions Act, but many hospitals continue to face challenging financial circumstances. **Vizient urges Congress to again adopt additional reforms, including pausing recoupment from advanced payments through the course of the Public Health Emergency, as well as consider temporarily capping recoupment amounts at a lower rate to avoid additional interruptions to hospital finances.**

340B Hospital Eligibility

Vizient works closely with our hospital members to help manage the explosive growth of costs for prescription drugs. The 340B Drug Pricing Program continues to serve a vital role in supporting hospitals' ability to stretch limited resources to increase access to critical health care services in the communities they serve. During the pandemic, many hospitals have seen changes to their payer mix, which has resulted in the loss of their Medicare Disproportionate Share Hospital (DSH) status and, as such, their 340B eligibility. **Vizient has urged CMS to take steps to address this issue through regulation, but the agency has not yet clarified whether those impacted could retain their pre-pandemic status. Vizient urges Congress to consider S. 773, which would allow those impacted facilities to maintain their 340B eligibility.**

We thank you for your continued leadership, and urge you to continue to support America's hospitals and health care systems during and after this crisis. Please do not hesitate to contact me at shoshana.krilow@vizientinc.com or 202-354-2607 if you have any questions about Vizient or if there is any way we can be of assistance as you debate the FY 2022 omnibus budget agreement.

Sincerely,



Shoshana Krilow
Senior Vice President, Public Policy & Government Relations