

October 24, 2024

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

The Honorable Mike Johnson  
Speaker  
United States House of Representatives  
568 Cannon House Office Building  
Washington, DC 20515

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

The Honorable Hakeem Jeffries  
Minority Leader  
United States House of Representatives  
2433 Rayburn House Office Building  
Washington, DC 20515

Dear Majority Leader Schumer, Speaker Johnson, and Minority Leaders McConnell and Jeffries,

Thank you for your continued leadership on important healthcare issues impacting our country. However, hospitals and healthcare providers continue to face serious challenges, including significant supply costs, staffing shortages, and uncertainty related to a variety of several expiring policies that must be addressed before the end of 2024. If not addressed, access to care could be compromised. As such, we encourage Congress to act expeditiously to address these key concerns.

### **Background**

[Vizient, Inc.](#), the nation's largest provider-driven healthcare performance improvement company, serves more than 65% of the nation's acute care providers, which includes 97% of the nation's academic medical centers, and more than 35% of the non-acute market. Vizient provides expertise, analytics and consulting services, as well as a contract portfolio that represents \$140 billion in annual purchasing volume. Solutions and services from Vizient improve the delivery of high-value care by aligning cost, quality and market performance. Headquartered in Irving, Texas, Vizient has offices throughout the United States.

### **Urgent and Expiring Provider Priorities for 2024**

#### ***Medicaid Disproportionate Share Hospital (DSH) Program***

The Medicaid DSH program provides critical financial support to hospitals that care for our most vulnerable patient populations. The Affordable Care Act (ACA) included reductions in federal Medicaid DSH funding under the assumption that expanded access to insurance coverage would result in less uncompensated care. With coverage levels not fully realized, and potentially exacerbated by ongoing Medicaid redeterminations, hospitals continue to provide under and uncompensated care. As hospitals, particularly those serving the most vulnerable patients, continue to face financial challenges, the importance of these Medicaid DSH payments cannot be overstated. Unless Congress acts, \$8 billion in DSH payment reductions will go into effect on January 1, 2025. **We urge Congress to avert the cuts to Medicaid DSH payments before the end of the year—and pass legislation to preserve DSH payments on a longer-term basis (as was proposed in H.R.2665, the Supporting Safety Net Hospitals Act).**

## ***Telehealth***

The expansion of telehealth services over the past several years has increased access to care for millions of Americans and has been transformative in improving care delivery and convenience for patients. We appreciate that Congress has continued to support access to telehealth by extending many of the telehealth policies that were originally granted during the COVID-19 pandemic until the end of 2024; however, we urge Congress to more permanently extend those flexibilities. While Vizient would support another short-term extension, we note that these temporary extensions create a level of uncertainty that limits healthcare providers' ability to enhance or scale their telehealth offerings, which are of clear benefit to patients. There is consistent, bipartisan support for making permanent many telehealth flexibilities, including removing the geographic and originating site restrictions and ensuring adequate reimbursement for the level of service received regardless of whether it was done through telehealth (including via audio-only or audio-visual telehealth services) or in-person. **Vizient supports the CONNECT for Health Act (S.2016/ H.R.4189) that would make permanent many of these needed flexibilities. As Congress considers end-of-year legislation, we ask that you consider including the CONNECT for Health Act in any package to ensure patients can maintain access to critical virtual care services.**

## ***Acute Hospital Care at Home***

Concurrent with the COVID-19 pandemic, patients became increasingly able to receive quality and cost-efficient care in the comfort of their own home, primarily through Medicare's Acute Hospital Care at Home program. According to CMS, between November 2021 and March 2023, the number of patients transferred back to a hospital was only 7.2 percent and the program saw low mortality rates.<sup>1</sup> Further, health systems have reported substantial savings when compared to in-hospital care.<sup>2</sup> As of October 10, 2024, 336 hospitals across 138 health systems in 39 states have been approved for the Acute Hospital Care at Home program.<sup>3</sup> However, under current law, the flexibilities allowing this program to continue expire at the end of the year. **Given the success of the program and substantial investments many hospitals have already made for this important care modality, Vizient recommends Congress make these flexibilities permanent or, at a minimum, pass an extension before the end of the year.**

## ***Pandemic and All Hazards Preparedness Act (PAHPA)***

Vizient believes that it is critical that public health, medical preparedness and response capabilities continue to be prioritized by Congress to minimize the potential harm and disruption from future emergencies. These concerns have been further underscored by the recent hurricanes impacting so many families over the past few months. The Pandemic and All Hazards Preparedness Act (PAHPA) is intended "to improve the Nation's public health and medical preparedness and response capabilities for emergencies, whether deliberate, accidental, or natural."<sup>4</sup> While PAHPA is an important first step in addressing the country's emergency preparedness and response (and more must be done long-term to strengthen supply chain assurance), it is crucial that PAHPA's programs, especially those supporting hospital emergency preparedness, continue.<sup>5</sup> **In order to ensure that the government can meaningfully respond to future disasters, Vizient encourages Congress to reauthorize PAHPA, which will expire at the end of the year.**

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<sup>1</sup> <https://jamanetwork.com/journals/jama-health-forum/fullarticle/2811346>

<sup>2</sup> <https://www.aha.org/aha-center-health-innovation-market-scan/2024-04-09-providers-betting-big-future-hospital-home>

<sup>3</sup> <https://qualitynet.cms.gov/acute-hospital-care-at-home/resources>

<sup>4</sup> <https://aspr.hhs.gov/legal/pahpa/Pages/default.aspx>

<sup>5</sup> <https://newsroom.vizientinc.com/en-US/releases/releases-vizient-shares-feedback-on-reauthorization-of-the-pandemics-and-all-hazards-preparedness-act>

### **Medicare Prospective Payment System Updates**

Hospitals and other healthcare providers face several serious fiscal challenges, including providing care despite the increasing costs of supplies, labor, purchased services and drugs.<sup>6</sup> For example, Kaufman Hall has estimated that hospitals' daily supply expenses are nine percent higher in 2024 than in 2023.<sup>7</sup> Despite these various pressures, the increase in operating payments provided in the Fiscal Year (FY) 2025 Inpatient Prospective Payment System (IPPS) Final Rule is only 2.9 percent, which is based on a 3.4 percent market basket that is reduced by a 0.5 percent productivity adjustment. Vizient does not believe the IPPS rule reflects the substantial cost increases hospitals are currently absorbing. In fact, this view was highlighted to Congress by MedPAC in March 2024 when the body recommended an additional 1.5 percent increase in operating payments given the volatility in hospital margins.<sup>8</sup> While we appreciate MedPAC's view, we still believe such an added increase is insufficient. Further, similar to the FY 2025 IPPS Final Rule, the Calendar Year (CY) 2025 Outpatient Prospective Payment System (OPPS) Proposed Rule included a woefully inadequate payment rate increase of 2.6 percent, further compounding the effect of underpayment across care settings. These payment adjustments are inadequate and could lead to a loss of access to care for patients and the possible closure of some hospitals, particularly small, independent and rural hospitals. **Vizient urges Congress to consider additional financial support for hospitals to more adequately adjust for increased costs and prevent significant financial harm to these providers.**

### **PAYGO Budget Cuts**

Vizient appreciates that Congress has traditionally acted to avert statutory Pay-As-You-Go (PAYGO) cuts. Should these harmful cuts go into effect, Medicare providers face a potential four percent cut in early 2025. Our healthcare system cannot sustain such drastic cuts when many healthcare providers, including hospitals, are already operating on narrow margins.<sup>9</sup> **We strongly urge Congress to act to avert PAYGO cuts set to go into effect in 2025.**

### **Physician Payment**

The CY 2025 Medicare Physician Fee Schedule (MPFS) Proposed Rule released in July includes a 2.8 percent reimbursement reduction for physicians and other clinicians treating Medicare patients.<sup>10</sup> Additionally, according to the American Medical Association, when adjusting for inflation in the cost of running a practice, Medicare payment rates have fallen by 29% from 2001 to 2024.<sup>11</sup> Without congressional intervention, the Centers for Medicare & Medicare Services (CMS) has limited tools available to mitigate these looming payment cuts and will likely finalize a reimbursement reduction in the coming weeks. Allowing such cuts to take effect will have a profound and negative impact on the provider workforce in our country. **Vizient urges Congress to act quickly to mitigate or prevent these cuts from taking effect. Further, Congress should consider long-term legislative solutions to refine the current Medicare physician payment system to better reflect the challenges of the existing environment and to ensure a more sustainable and predictable reimbursement system.** In addition, under the *Medicare and CHIP Reauthorization Act* (MACRA), Qualifying Participants (QPs) in Advanced Alternative Payment Models (APMs) have been eligible to receive an incentive bonus (previously 5 percent, reduced to 3.5 percent for the 2023 performance year and to 1.88 percent for the 2024 performance year—with the incentive bonus paid two years after the performance year) to encourage QPs' participation in such models. However, this

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<sup>6</sup> [https://www.kaufmanhall.com/sites/default/files/2024-10/KH-NHFR\\_Report-August-2024.pdf](https://www.kaufmanhall.com/sites/default/files/2024-10/KH-NHFR_Report-August-2024.pdf)

<sup>7</sup> Ibid.

<sup>8</sup> [https://www.medpac.gov/wp-content/uploads/2024/03/Mar24\\_Ch3\\_MedPAC\\_Report\\_To\\_Congress\\_SEC-1.pdf](https://www.medpac.gov/wp-content/uploads/2024/03/Mar24_Ch3_MedPAC_Report_To_Congress_SEC-1.pdf)

<sup>9</sup> [https://www.kaufmanhall.com/sites/default/files/2024-10/KH-NHFR\\_Report-August-2024.pdf](https://www.kaufmanhall.com/sites/default/files/2024-10/KH-NHFR_Report-August-2024.pdf)

<sup>10</sup> <https://www.cms.gov/newsroom/fact-sheets/calendar-year-cy-2025-medicare-physician-fee-schedule-proposed-rule>

<sup>11</sup> <https://www.ama-assn.org/system/files/2024-medicare-updates-inflation-chart.pdf>

bonus will expire at the end of the 2024 performance year if Congress does not act. **We encourage Congress to reauthorize these crucial incentive payments to help physicians participate in Advanced APMs and continue expanding value-based care.**

### ***Additional Expiring Healthcare Payment Extensions***

As you know, a variety of healthcare payment extensions are set to expire at the end of the calendar year, including the Children’s Hospitals Graduate Medical Education (CHGME) Payment program, the Low Volume and Medicare Dependent Hospital adjustment, and several other important programs. These program extensions are critical to ensuring access to care for the most vulnerable patients, including children and people living in rural and underserved areas. Without a continuation of these programs, there is a risk that access to care may be compromised for many Americans. **Vizient recommends Congress extend these important payment policies and seek to ultimately make these adjustments permanent.**

### **Additional Policy Priorities**

#### ***Strengthening the Healthcare Workforce***

Recruiting, maintaining, and supporting the healthcare workforce is a persistent challenge. In fact, a recent study by Mercer<sup>12</sup> estimates there will be a shortage of 100,000 healthcare workers by 2028, with significant differences based on geography.<sup>13</sup> Clinical professionals were severely stretched during the pandemic, and many opted to retire or pursue careers outside of direct hospital employment. Further, hospitals have been impacted by persistent workforce challenges for their non-clinical employees, similar to other sectors of the economy. In response, hospitals have increased salaries and benefits, offered more flexible working arrangements and provided additional incentives to maintain existing staff. Vizient appreciates the steps taken by Congress in recent years to address staffing-related issues, like increasing Graduate Medical Education (GME) slots, but more must be done to address healthcare worker safety and further invest in immediate staffing needs and the long-term future of the healthcare workforce. Vizient urges Congress to pass the following priorities:

- **Address Workplace Violence** – Healthcare workers face growing threats of violence. While hospitals have taken significant steps to provide greater security for their workers, threats and physical violence still occur far too regularly. **Vizient is proud to endorse the Safety from Violence for Healthcare Employees (SAVE) Act (S. 2768/H.R. 2584)**, which would increase penalties for threats and physical violence towards healthcare workers and provide resources to further improve hospital security.
- **Encourage Workforce Resiliency and Wellness** – Vizient also appreciates the passage of the Dr. Lorna Breen Provider Protection Act, which bolstered resources available to support clinical workforce resilience and mental health. However, this program is in need of reauthorization. **We encourage Congress to reauthorize the program with the Dr. Lorna Breen Health Care Provider Protection Reauthorization Act (S. 3679/H.R. 7153).**
- **Reduce Administrative Burden** – Congress must take action to reduce administrative burdens hindering patient access to care. Vizient has raised concerns about Medicare Advantage plans’ over-reliance on prior authorization, which often delays necessary care and increases administrative burdens. For example, a 2023 survey by the American Medical Association found that nearly 1 in 4 physicians reported that prior authorization

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<sup>12</sup> <https://www.mercer.com/en-us/insights/talent-and-transformation/attracting-and-retaining-talent/future-of-the-us-healthcare-industry/>

<sup>13</sup> <https://www.aha.org/aha-center-health-innovation-market-scan/2024-09-10-5-health-care-workforce-shortage-takeaways-2028>

led to a serious adverse event for a patient.<sup>14</sup> **Vizient supports passage of the Improving Seniors' Timely Access to Care Act (S.4532/H.R.8702), which would help streamline the prior authorization process and improve patient access to care.**

- **Expand the Healthcare Workforce** – Workforce shortages continue to plague the healthcare industry across a wide range of health system employees (physicians, nurses, allied health professionals, support staff, among others). One legislative solution to alleviate this crisis is to increase the number of international medical graduates and nurses who seek employment in the US. **Vizient supports the Healthcare Workforce Resilience Act (S.3211/H.R.6205), which expands access to unused visas for essential medical professionals to help meet the workforce needs of America's health systems.**
- **Graduate Medical Education** – By increasing the number of graduate medical education (GME) positions, Congress can take meaningful steps towards addressing the current and projected shortage of physicians. **Vizient urges Congress to pass the Resident Physician Workforce Shortage Reduction Act of 2023 (S. 1302/H.R. 2389),** which would add an additional 14,000 GME slots over seven years; and the **Substance Use Disorder Workforce Act (H.R.7050),** which would add an additional 1,000 GME slots over five years for hospitals that have programs in addiction medicine, addiction psychiatry or pain management.

### **Rural Healthcare**

Rural America is in the midst of a healthcare crisis with fewer available healthcare providers, limited access to high-speed internet, and high rates of chronic disease, among other issues.<sup>15</sup> Currently, nearly half of rural hospitals have been forced to reduce services and nearly 700 rural hospitals are at risk of closing (over half of which are at risk of immediate closure).<sup>16</sup> We appreciate that a number of committees have shown a strong interest in addressing this serious crisis in rural America, including the request for information released by the Ways & Means Committee in September 2023. **Vizient is proud to endorse several legislative proposals designed to address the serious healthcare crisis in rural America, including:**

- **Save Rural Hospitals Act (S. 803),** which sets an appropriate Medical Area Wage Index floor;
- **Rural Hospital Closure Relief Act (S. 1571),** which modifies qualifications for hospitals to become critical access hospitals; and
- **Assistance for Rural Community Hospitals Act (H.R. 6430),** which extends Medicare-Dependent Hospital and Medicare Low-Volume payments.

### **Site-Neutral Payment Policies**

Vizient remains concerned about the impact of site-neutral payment policies on patient access to care. Hospital outpatient departments (HOPDs) are more likely to treat the sickest patients with more chronic conditions than other outpatient sites of care. Patients receiving care in HOPDs are also more likely to be dually eligible for Medicare and Medicaid, enrolled in Medicare through disability or end-stage renal disease and over the age of 85.<sup>17</sup> Further, Medicare only reimburses hospitals at a rate of about 82 percent of the private market, and 67 percent of hospitals are operating at negative Medicare margins.<sup>18</sup> The American Hospital Association estimates that site-neutral provisions, like those included in the Lower Costs, More

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<sup>14</sup> <https://www.ama-assn.org/system/files/prior-authorization-survey.pdf>

<sup>15</sup> <https://www.ruralhealth.us/about-us/about-rural-health-care>

<sup>16</sup> [https://ruralhospitals.chqpr.org/downloads/Rural\\_Hospitals\\_at\\_Risk\\_of\\_Closing.pdf](https://ruralhospitals.chqpr.org/downloads/Rural_Hospitals_at_Risk_of_Closing.pdf)

<sup>17</sup> <https://www.aha.org/system/files/media/file/2023/03/fact-sheet-medicare-hospital-outpatient-site-neutral-payment-policies-march-2023.pdf>

<sup>18</sup> <https://www.aha.org/2024-01-10-infographic-medicare-significantly-underpays-hospitals-cost-patient-care>

Transparency Act (H.R. 5378), would reduce hospitals' revenue by \$4.1 billion over the next ten years.<sup>19</sup> **We encourage Congress to reject any proposals which would further reduce reimbursement for care provided at HOPDs.**

### **340B Drug Pricing Program**

The 340B Drug Pricing Program is a critical lifeline for hospitals across the country—through the program, pharmaceutical companies are required to provide drugs at discounted prices to specified clinics and hospitals serving the most vulnerable communities.<sup>20</sup> Vizient supports efforts to protect hospitals' ability to continue to purchase prescription drugs through the 340B Program so that they can stretch scarce federal resources to support vital, comprehensive healthcare services for patients and communities in need.<sup>21</sup> **We urge Congress to protect the 340B Drug Discount Program.**

### **Conclusion**

Thank you for your continued leadership and ongoing support for America's healthcare providers. The last several years have presented historic challenges, but with the support of Congress, hospitals have been able to persevere and maintain a high level of service for patients across the country. In that spirit, we urge Congress to act to ensure hospitals and healthcare systems can maintain access to care and improve performance in the years ahead.

Thank you again, and please do not hesitate to contact me at [shoshana.krillow@vizientinc.com](mailto:shoshana.krillow@vizientinc.com) or 202-354-2607 if you have any questions about Vizient or if we can be of assistance as you consider these recommendations.

Sincerely,



Shoshana Krillow  
Senior Vice President, Public Policy & Government Relations

CC:

Chairman Ron Wyden, Senate Committee on Finance  
Ranking Member Mike Crapo, Senate Committee on Finance  
Chairman Bernie Sanders, Senate Committee on Health, Education, Labor & Pensions  
Ranking Member Bill Cassidy, MD, Senate Committee on Health, Education, Labor & Pensions  
Chairman Jason Smith, House Ways & Means Committee  
Ranking Member Richard Neal, House Ways & Means Committee  
Chair Cathy McMorris Rodgers, House Energy & Commerce Committee  
Ranking Member Frank Pallone, House Energy & Commerce Committee

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<sup>19</sup> <https://www.aha.org/fact-sheets/2023-12-08-estimated-impact-analysis-site-neutral-provisions-lower-costs-more-transparency-act-hr-5378>

<sup>20</sup> <https://www.hrsa.gov/opa>

<sup>21</sup> <https://www.aha.org/fact-sheets/fact-sheet-340b-drug-pricing-program>