

October 3, 2023

The Honorable Jason Smith
Chairman
House Ways and Means Committee
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Smith,

Thank you for requesting feedback from industry stakeholders on ways to support and sustain access to healthcare in rural America. Vizient applauds your leadership and willingness to continue this important conversation about rural healthcare and hopes it will lead to concrete proposals that will benefit rural providers and the patients they serve.

Healthcare providers across the country have faced significant challenges in recent years, including inflationary pressures and workforce shortages and burnout. This dynamic has been amplified in rural healthcare settings, leading many rural providers into a crisis where service reductions, or even closures, have already taken place or are becoming a very real threat. Without meaningful action, we are nearing a potentially catastrophic tipping point for rural America, with more than 600 rural hospitals facing the threat of closure¹. Again, Vizient appreciates the opportunity to provide you with actionable policies to mitigate the current threats to rural healthcare.

Background

Vizient is the nation's largest healthcare 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 60% of the nation's acute care providers, which includes 97% of the nation's academic medical centers and more than 25% of ambulatory providers. Vizient provides expertise, analytics, and advisory services, as well as a contract portfolio that represents more than \$130 billion in annual purchasing volume, to improve patient outcomes and lower costs. Headquartered in Irving, Texas, Vizient has offices throughout the United States.

Vizient serves a diverse membership of hospitals and healthcare providers in rural America, including a significant number of independent community hospitals, critical access hospitals, rural health clinics and other non-acute care providers. We recognize the unique challenges of serving rural areas and in addition to having a regional office location in Cape Girardeau, we have 19 hospitals across Missouri's 8th Congressional district included in our membership.

¹ Rural Hospitals at Risk of Closing; Center for Healthcare Quality and Payment Reform; June, 2023;
https://chqpr.org/downloads/Rural_Hospitals_at_Risk_of_Closing.pdf

Recommendations

As you may be aware, Vizient shared [feedback](#) in 2019 with the Ways and Means Committee's Rural and Underserved Task Force to support healthcare in rural and underserved areas. Unfortunately, due in part to the COVID-19 pandemic, many of our recommendations were not adopted and remain viable today.

Foundational to our recommendations is the understanding that rural healthcare providers face unique challenges that differ substantially based on the individual characteristics of regions across the country. Workforce, transportation, access to specialists, broadband deployment, weather, prevalence of certain social determinants of health, and many other factors, must be considered. We encourage the committee to pursue policies and solutions that can be tailored accordingly as a "one size fits all" approach is unlikely to address the unique challenges faced by rural healthcare providers.

With the urgency of the situation and the magnitude of the crisis in mind, we are pleased to offer feedback to the committee on many of the policy areas raised in your Request for Information (RFI).

Geographic Payment Differences

Rural healthcare providers rely on an array of programs and policies that support more stable reimbursement and recognize the unique challenges they face. While we understand the concerns of the committee about geographic payment differences, these programs are essential to the livelihood of rural healthcare providers throughout the country.

The Medicare Dependent Hospital (MDH) program and the Low Volume Hospital Payment Adjustment (LVA) both provide important support that is relied upon by rural healthcare providers. While these programs are an important lifeline, they are clouded by a degree of uncertainty due to the regular threat of expiration. Currently, both programs have been extended through FY 2024. By taking action to make both the MDH and LVA programs permanent, the committee could take an important step to provide a degree of stability for those providers and avoid the "harmful cliff" that is of concern to both the committee and providers. The [Rural Hospital Support Act \(S. 1110\)](#) would take meaningful steps to update these and other critical programs for rural providers and extend them into the future. Vizient supports introducing and passing similar legislation in the House.

Addressing the committee's request regarding the Medicare area wage index, Vizient also supports the [Save Rural Hospitals Act \(S. 803/H.R. 3635\)](#), which would establish a national minimum of 0.85 for the Medicare Area Wage Index. Adopting such a national floor would help ensure that the lowest wage index areas would have reimbursement levels improved to the degree that would support financial sustainability.

Vizient recognizes that it is important for the committee to examine the full range of policies that offer support for different provider types and geographic locations to ensure fairness and adequate reimbursement and support for providers. At the same time, hospitals across the country – regardless of geography – are facing historic challenges and urban and suburban facilities should not have reimbursement reduced because of changes to support rural

reimbursement – or vice versa. We encourage Congress to be careful in ensuring that support for one set of providers does not rely on budget neutral policies that would disadvantage others.

Sustainable Provider and Facility Financing

Without action, Medicaid disproportionate share hospital (DSH) payments will be reduced by \$8 billion for FY 2024, and the next three years (through FY 2027). These cuts, which were originally included in the Affordable Care Act (ACA), would be tremendously damaging for hospitals across the country, especially among providers who serve rural and underserved communities. Vizient has endorsed the [Supporting Safety Net Hospitals Act \(H.R. 2665\)](#), which would delay the cuts for two years. We encourage Congress to act to ensure such devastating cuts will not be implemented in the future.

The ACA also requires CMS to annually adjust Medicare reimbursement rates by a figure that represents economy-wide improvements to productivity (productivity adjustment). While the regular payment reductions are generally a small percentage of the overall payment update for hospitals, it also represents an unrealistic change in productivity that simply does not align with the reality of the challenges that hospitals are facing across the country. With increased expenses, greater reliance on hospitals for emergency care and for mental and behavioral healthcare, the annual productivity adjustment largely represents an arbitrary cut for healthcare providers.

Another challenge for hospitals has been the growing difficulty of delivering care and receiving reimbursement from private payers. The increased prevalence of utilization management policies, such as frequent and unnecessary use of prior authorization requirements, places an excessive burden on healthcare providers. While these practices create a cumbersome process that delays or interrupts care in many hospitals and health settings, these burdens are more problematic for rural providers that often have limited personnel and resources necessary to manage such disruptions. Last Congress, Vizient endorsed the [Improving Seniors Timely Access to Care Act \(H.R. 3173\)](#), which would curb some of these burdensome prior authorization requirements. We thank the committee for recognizing the scope of these challenges and applaud the inclusion of those important provisions in the Lower Costs, More Transparency Act. We hope such provisions can be adopted this year.

Finally, there have been growing financial challenges caused by drug manufacturers unnecessarily and potentially unlawfully denying access to 340B Drug Pricing Program discounts through covered entities' contracted pharmacies. This practice has denied access to discounts and placed administratively burdensome requirements on healthcare providers in rural America, which often rely on contracted pharmacies to increase access to prescription medications. The 340B Program is a critical tool for rural healthcare providers, and as the committee considers options for improving rural healthcare, we hope it will consider policies that preserve and support a stable and reliable 340B Program.

Aligning Sites of Service

The RFI seeks feedback from stakeholders on adopting "site neutral" payment policies. As you know, the committee recently approved [legislation](#) that includes site-neutral payment policies, which has since been added to the tri-committee [Lower Cost, More Transparency Act \(H.R.](#)

[5378](#)). Vizient remains opposed to site-neutral payment policies, as hospital outpatient departments (HOPDs) provide vital services to patients in rural areas. Unlike ambulatory surgical centers or physician practices, hospitals face extensive licensing and additional regulatory requirements in the provision of care. In addition to being available to provide 24/7 care and providing needed capacity for emergency situations, hospitals also provide more complex and comprehensive care and treat a greater number of patients from medically underserved areas. Reducing reimbursement rates for HOPDs that are improving access to care in rural areas should not be considered in the context of supporting rural healthcare delivery.

The RFI seeks further feedback on how to reinvest any savings that may be generated by reducing reimbursements. Vizient urges the committee to redirect its focus from damaging site-neutral payment policies to reducing administrative burdens and increasing, rather than reducing, payments for care delivery in rural areas.

Healthcare Workforce

Workforce shortages continue to be a challenge in hospitals and healthcare settings across the country. These shortages are even more impactful in rural areas, where hospitals, rural health clinics, skilled-nursing facilities and other post-acute care providers are all competing for a smaller number of physicians, advanced practice professionals (APPs), nurses and other allied health professionals. As a result, many rural providers are forced to rely upon contract and travel nurses, which can be substantially more costly than full-time employees.

There are multiple policy options and several specific pieces of legislation that could be considered to help bolster the healthcare workforce. Vizient has endorsed and continues to support the [Resident Physician Shortage Reduction Act \(H.R. 2389 / S. 1302\)](#), which would make a meaningful investment in training the next generation of medical professionals as well as direct some of the added Medicare-supported residency positions to those training in Health Professional Shortage Areas which are commonly aligned with rural areas.

Another, more direct, way to incentivize physicians practicing in rural areas of the country would be for Congress to act to extend or make permanent the Conrad State 30 program, which allows foreign medical graduate J-1 visa holders to remain in the country if they practice medicine in a rural or underserved area. Vizient encourages Congress to adopt the bipartisan [Conrad State 30 and Physician Access Reauthorization Act \(H.R. 4942 / S. 665\)](#), which would extend the program for three additional years. The program is an important tool to support incentives for physicians to practice in rural areas, and Congress should provide the program with further stability by authorizing an additional extension or making it permanent.

Congress should also consider additional programs that would allow trained clinicians from foreign countries to access unused visas to work in critical healthcare roles. During the last Congress, the bipartisan [Healthcare Workforce Resilience Act](#) was introduced that would authorize this policy. Vizient supports the reintroduction and swift passage of this bill.

Vizient similarly encourages Congress to continue to leverage the use of APPs to expand care teams and promote greater access to care. APPs should be permitted to practice at the top of

their license and utilize flexible supervision options via telehealth and other technologies when appropriate.

Finally, Vizient strongly supports investments to help medical professionals practicing in rural areas repay loans and receive incentive payments or other inducements to practice in rural and underserved communities. We encourage the committee and Congress to continue to support and bolster loan repayment programs for healthcare employees through the Health Resources and Services Administration (HRSA) and increase investments to support rural health providers through the National Health Services Corps.

Innovative Models and Technology

Healthcare providers in rural areas have been forced to adapt and innovate to find ways to ensure patients have access to care. With greater access to virtual care technologies, including expanded availability of mental and behavioral health services and expanded remote patient monitoring, technology is already changing care delivery in rural America. However, many of these innovative care deliveries remain temporary, as they were largely a result of the COVID-19 pandemic. Vizient members continue to express the need for long-term certainty related to telehealth flexibilities and reimbursement. We urge Congress to act soon to provide that clarity. Vizient has endorsed the bipartisan [CONNECT for Health Act \(H.R. 4189/ S. 2016\)](#) that would make several flexibilities permanent and offer further certainty for healthcare providers.

Additionally, despite the well-intentioned creation of the new Rural Emergency Hospital (REH) designation the REH model requires hospitals converting to REH status no longer provide inpatient care. Vizient encourages policymakers to consider allowing swing-beds that could provide some level of needed inpatient care. Further, the model should be clarified to confirm that facilities converting to an REH would remain eligible for 340B Drug Pricing Program discounts. While there are many factors that must be considered by facilities that may be interested in converting to the new REH designation, losing access to any inpatient care and 340B discounts would be devastating for many rural providers.

Increased access to home infusion therapy is another opportunity that could improve care options for patients in rural areas. Instead of having to regularly travel to infusion centers in larger urban areas to receive regular infusions of needed medicines, patients can often safely have those services provided in their own homes. While Congress adopted a new Medicare home infusion benefit in the 21st Century Cures Act, rigid implementation requirements from CMS continue to limit the reach of this important and safe care delivery advancement. Vizient has endorsed the [Preserving Patient Access to Home Infusion Act \(H.R. 4104/ S. 1976\)](#) that would increase access and ensure the viability of home infusion services. Adopting this legislation would ensure that patients in rural areas have more options to receive care safely in their own homes.

Finally, to improve patient care, it is critical to understand and support social drivers of health in rural communities. By identifying, at a hyperlocal level, the healthcare challenges that neighborhoods are facing, policymakers can craft more impactful solutions to improve care. To help users support social drivers of health at the neighborhood level, Vizient developed the patent pending [Vizient Vulnerability Index™](#) which is publicly available. Unlike other indices, the Vizient Vulnerability Index adapts to the local relevance of several social determinant of health

domains as correlated to life expectancy. Given other indices, such as the Area Deprivation Index (ADI), which is currently being used by CMS in various policies, can underestimate the vulnerability of rural neighborhoods, it is critical that Congress craft policies to ensure rural health challenges are being appropriately considered in government policies.

For example, as shown in Figure 1, much of the rural South and rural Midwest are estimated as less vulnerable than their life expectancy would suggest, which can result in these communities being disadvantaged in Medicare payment policy, among other potential outcomes. As the committee looks toward policy solutions, Vizient urges Congress to ensure tools like the Vizient Vulnerability Index are being utilized to understand and identify social drivers of health in rural communities. Further, Vizient encourages Congress to consider utilizing the Vizient Vulnerability Index to help identify key challenges different rural communities face. We would be pleased to demonstrate the Vizient Vulnerability Index and illustrate how it may be used in policy development for the committee as it considers rural healthcare issues in the future.

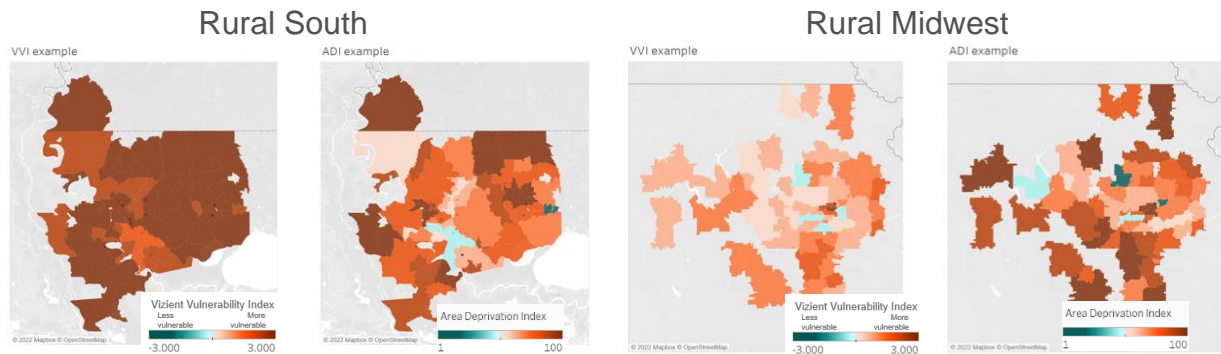


Figure 1. Maps comparing the Vizient Vulnerability Index’s insights with the Area Deprivation Index’s insights.

Conclusion

We again thank the Chair for continuing the conversation about options to bolster rural healthcare delivery in America. We appreciate your work and hope it will lead to policy developments to support access to care for patients in rural areas across the country. 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 in supporting your work on this important issue.

Sincerely,

Shoshana Krilow
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