

July 14, 2025

Submitted electronically via: <https://www.regulations.gov/>

The Honorable Dr. Mehmet Oz
Administrator
Centers for Medicare & Medicaid Services
7500 Security Blvd
Baltimore, MD 21244

**Re: Medicaid Program; Preserving Medicaid Funding for Vulnerable Populations—
Closing a Health Care-Related Tax Loophole Proposed Rule (CMS- 2448–P) (Docket ID
CMS-2025-0052)**

Dear Administrator Oz,

Vizient, Inc. appreciates the opportunity to comment on the Centers for Medicare and Medicaid Services (CMS) proposed rule on Preserving Medicaid Funding for Vulnerable Populations—Closing a Health Care-Related Tax Loophole (CMS-2448–P) (hereinafter, “Proposed Rule”). Although the proposed changes may be well-intentioned, the Proposed Rule, if finalized, would cause significant and unnecessary disruption to state Medicaid programs and Medicaid beneficiaries. Given these and other concerns detailed below, Vizient urges CMS to refrain from finalizing the Proposed Rule and, instead, encourages the agency to identify alternative approaches that would be less disruptive to state Medicaid programs while still adhering to legal requirements.

Background

[Vizient, Inc.](https://www.vizientinc.com), the nation’s largest provider-driven healthcare performance improvement company, serves more than 65% of the nation’s acute care providers, including 97% of the nation’s academic medical centers, and more than 35% of the non-acute market. The Vizient contract portfolio represents \$140 billion in annual purchasing volume enabling the delivery of cost-effective, high-value care. With its acquisition of Kaufman Hall in 2024, Vizient expanded its advisory services to help providers achieve financial, strategic, clinical and operational excellence. Headquartered in Irving, Texas, Vizient has offices throughout the United States. Learn more at www.vizientinc.com.

Recommendations

Predictable and sustainable Medicaid funding is essential to maintaining provider operations and preserving access to care. Vizient is deeply concerned the Proposed Rule needlessly disrupts states’ Medicaid programs such that Medicaid beneficiaries will be significantly and negatively harmed, causing downstream disruptions to hospitals and the communities they serve. As such, Vizient recommends that CMS refrain from finalizing the Proposed Rule.

Permissible Health Care-Related Taxes

In the Proposed Rule, CMS proposes several changes regarding how it will review a state’s application for a waiver of the broad based or uniformity requirements for a health care-related

tax. Specifically, CMS proposes additional requirements to demonstrate that a tax is generally redistributive and clarifies that the analysis of whether a tax violates the generally redistributive requirement would differ depending on whether the tax or waiver refers to Medicaid explicitly. Collectively, these changes create a more rigid framework that significantly limits how states may use health care-related taxes to finance the non-Federal share of Medicaid payments. Vizient is concerned that states will face significant challenges in identifying how to finance and structure their Medicaid programs to comply with the new requirements. Therefore, should the Proposed Rule be finalized, patient access to care will be jeopardized, as less funding would be available to states.

Adding to these challenges, CMS also proposes two different, short timelines for states to comply with the Proposed Rule. Specifically, states with waiver approvals older than two years prior to the effective date of the Final Rule would have until the start of the first state fiscal year beginning at least one year after the Final Rule's effective date to comply. States with waivers approved within two years of the Final Rule's effective date, or those with currently pending waiver requests, would be denied a transition period, as these waivers will be considered invalid as of the rule's effective date. Based on this proposal, states would have little time to review finalized policy and make any needed changes which can also take significant time to develop and implement, particularly if legislative or regulatory changes are needed. The Proposed Rule's compliance timeline, even with the proposed transition period for states with waiver approvals older than two years, will create unnecessary burdens and fiscal challenges for states that have reasonably relied on existing regulations and waiver approvals from CMS in designing and funding their Medicaid programs.

Further, Vizient is deeply concerned that, to adapt to the new requirements, states will be forced to take swift action to comply or risk a reduction in Federal funding. This rushed approach is unnecessary and does not permit states to more thoughtfully comply with finalized requirements. Therefore, if CMS finalizes the Proposed Rule, Vizient recommends that the compliance timeline be significantly extended for all states.

Regulatory Impact Analysis

In the Regulatory Impact Analysis, CMS anticipates that states will spend \$18.8 billion less on Medicaid between 2026 and 2030 because of the Proposed Rule and acknowledges that states may be forced to reduce Medicaid spending or reallocate resources to compensate for the loss of provider tax revenue. In addition, CMS states elsewhere in the Proposed Rule that the agency does not intend "to be disruptive to States' health care-related tax programs".¹ However, the Proposed Rule's anticipated effects stand in direct contrast to this stated intent given the uncertainty around how states will adapt to the changes, as responses will vary based on budget pressures, other payer and provider reactions associated with potentially higher tax burdens and other factors. As a result, Vizient has significant concerns that the agency has not carefully considered the disruption that will result if the Proposed Rule is finalized.

Further, the *One Big Beautiful Bill (OBBB)*² includes numerous changes that will fundamentally alter state Medicaid programs beginning as soon as 2026, including changes related to provider taxes. Given the uncertainty associated with the Proposed Rule's impact on patient access to care, which is exacerbated due to recent legislative activity, Vizient is concerned that the regulatory impact analysis in the Proposed Rule is no longer relevant. In addition, it is unclear

¹ <https://www.federalregister.gov/d/2025-08566/p-111>

² <https://www.congress.gov/bill/119th-congress/house-bill/1/text#>

whether the Proposed Rule aligns with the OBBB, especially since the Proposed Rule was drafted and released before the OBBB was signed into law. As such, Vizient urges CMS to reconsider the necessity of the Proposed Rule and whether different regulations may need to be proposed to implement the OBBB.

Conclusion

Vizient appreciates CMS's efforts to gain additional feedback regarding the Proposed Rule and reiterates our concerns that finalization of the Proposed Rule would be disruptive and negatively impact patient care. Vizient serves a variety of hospitals ranging from independent, community-based hospitals to large, integrated health care systems that serve acute and non-acute care needs. In closing, on behalf of Vizient, I would like to thank CMS for providing the opportunity to respond to this Proposed Rule. Please feel free to contact me, or Jenna Stern at Jenna.Stern@vizientinc.com, if you have any questions or if Vizient may provide any assistance as you consider these recommendations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shoshana Krilow". The signature is fluid and cursive, with a large initial "S" and a stylized "K".

Shoshana Krilow
Senior Vice President of Public Policy and Government Relations
Vizient, Inc.