

May 4, 2022

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

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

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

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

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

Vizient is reaching out today to urge Congress to take additional steps to support hospitals across the country. As the nation transitions to a new phase in the pandemic, hospitals continue to confront unique and growing challenges. From the rising impact of inflation on supplies, to the ongoing workforce crisis and the resumption of Medicare payment reductions – health care providers are still grappling with the impacts of COVID-19. As Congress considers both additional COVID-19 relief and a Ukraine supplemental funding package, we urge you to end the resumption of Medicare sequestration cuts and provide direct financial support for hospitals and other medical providers across the country.

[Vizient, Inc.](#) provides solutions and services that improve the delivery of high-value care by aligning cost, quality and market performance for more than half of the nation's health care providers. Vizient provides expertise, analytics, advisory services, and a contract portfolio representing more than \$130 billion in annual member purchasing volume, to improve patient outcomes and lower costs. Vizient's solutions and services 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.

Over the last nearly 27 months, hospitals have been remarkably resilient and innovative in adapting to the immense challenges posed by the pandemic, all while facing increased expenses, significant staffing issues and lost revenues. Congress acted with timely, direct financial support to support providers early in the pandemic. While hospitals remain grateful for those decisive efforts to support health care providers, additional relief is critically needed, as the challenges for providers continue to mount.

Staffing shortages and dramatically increased personnel costs persist as hospitals have been forced to rely more heavily on costly staffing agencies. While contract and agency nurses are critical to supplement the hospital workforce at times, they are far more expensive to utilize, and those costs have only accelerated during the pandemic.

The Vizient Operational Data Base (ODB), which provides hospitals with insights in support of performance improvement and includes data that is submitted by 75% of academic medical centers and represents more than \$370 billion in operating expenses, showed an increase of 66% in licensed nursing staffing turnover in the 4th Quarter of 2021. That turnover and other staffing shortages have also led to a dramatic increase in hours paid for contract nursing (+250%) and an increase in overtime as a percent of worked hours (+33.5%), compared with the 4th Quarter of 2020. Higher use of contract nursing and greater utilizations of overtime has resulted in average hourly wage range (area wage index adjusted) to increase by 19.7%. Despite these pressures, nurses have also been spending less time at the bedside, with a reduction of 5.4% in registered nurse working hours per patient day. Combined, these issues have led to median labor cost increases of \$114, or 16.4% per patient day.¹

In addition to staffing concerns, hospitals are also facing the significant inflationary pressures impacting the economy broadly. Supply costs continue to increase due to rising raw material, energy and transportation costs. At the same time, hospitals are being asked to pay higher prices for necessary supplies, personal protective equipment, capital purchases, food and fuel. Additional cost pressures may also result from the scheduled resumption of the Sec. 301 China tariffs for critical supplies necessary to respond to the COVID pandemic when current exclusions expire on May 31. The financial pressures from those added costs continue to mount and are likely to ultimately impact patients and payors. Hospitals are now paying an additional 20.6% for supplies per patient, as drug costs have continued to grow at an unrelenting pace with a shocking increase of 36.9% per patient².

Despite these challenges, Congress has not intervened to avoid the resumption of the 1% Medicare sequestration payment cuts that went into effect on April 1. The impact of those cuts will deepen when the 2% across-the-board Medicare reductions resume fully on July 1. Vizient appreciates the temporary continuation of the suspension of the cuts that was included in the Protecting Medicare and American Farmers from Sequester Cuts Act, but believes resuming the payment cuts was an unfortunate misstep at a time when additional support for hospitals is needed. **As such, Vizient urges Congress to act expeditiously to restore the suspension of Medicare sequestration and continue protecting hospitals from needless payment cuts until at least the end of the Public Health Emergency (PHE).** While extending relief until the end of the PHE is vital, Vizient continues to urge Congress to eliminate the arbitrary payment reductions altogether.

Hospitals have also been exceedingly grateful for the pandemic related relief that Congress has provided through the Provider Relief Fund (PRF). It has served as a critical lifeline for hospitals to backfill costs and lost revenues related to the COVID-19 pandemic. However, those funds are nearly exhausted. Additionally, the funds that have already been distributed are only meant to offset increased costs and lost revenue that were incurred before July 1, 2021. No funds have been available to help address and offset the significant costs from the devastating Delta and Omicron variants. And, with the expected depletion of the PRF, the administration has stopped accepting claims for the HRSA COVID-19 Uninsured Program and the Coverage Assistance Fund, both of which have been critical to ensure access to testing, vaccines and other COVID-

¹ Vizient Operational Data Base, 4Q2020 –4Q2021,

² Swanson, E., *National Hospital Flash Report – January 2022*, (Jan. 2022), Kaufmann Hall

19 treatments for uninsured patients. **With these considerations in mind, Vizient urges Congress to act quickly to provide additional direct funding support for the Provider Relief Fund.**

The COVID-19 pandemic appears to be settling into a new phase. Thankfully, with widespread use of effective vaccines and growing options for effective antiviral treatments, hopefully the worst days of this pandemic are behind us. However, we cannot afford to be complacent and return to pre-pandemic reimbursement approaches that ignore the changed reality on the ground, which still features risks of new outbreaks and enormous financial and staffing challenges for hospitals throughout the country. With those concerns in mind, we respectfully urge Congress to act now to support hospitals.

We thank you for your continued leadership, and now urge you to continue to support America's 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.

Sincerely,

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, Public Policy & Government Relations