

**Vizient, Inc.
Statement for the Record**

**U.S. House of Representatives
Subcommittee on Health of the Ways and Means Committee**

**Hearing on
“Current Status of the Medicare Program, Payment Systems, and Extenders”**

May 18, 2017

Vizient, Inc., is the largest member-driven health care performance improvement company in the country. Vizient provides innovative data-driven solutions, expertise and collaborative opportunities that lead to improved patient outcomes and lower costs. We serve a diverse membership including academic medical centers, pediatric facilities, community hospitals, integrated health delivery networks and non-acute health care providers. Vizient is headquartered in Irving, TX with locations in Chicago, Washington, D.C., and other cities across the country.

Vizient appreciates the opportunity to share our views on the Subcommittee on Health of the Ways and Means Committee hearing on the current status of the Medicare program, changes needed to Medicare’s payment systems, and Medicare programs that are set to expire before the end of the year. We are pleased that the committee is interested in assessing the experience of hospitals in Medicare as it considers future payment reform efforts and funding to essential programs. On behalf of our members, we submit this comment for the record regarding these crucial issues and their impact on providers and patients throughout the country.

Background

At Vizient, our purpose is to ensure our members deliver exceptional, cost-effective care. Vizient serves the nation’s leading health care providers, including most of the country’s academic medical centers, pediatric facilities and other safety net providers. These organizations provide critical health care services to all individuals who show up at their doors.

As you know, there are a number of essential Medicare payment provisions that are facing expiration this year. There were a number of health care-related provisions that were last extended under the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA; P.L. 114-10). Vizient member hospitals adhere to the mission of providing high quality health care to everyone they serve. If funding for the following provisions expires, our members – especially those in rural areas, serving the most fragile Medicare beneficiaries – will face severe challenges in continuing to provide care to their communities.

We strongly encourage the Committee and Congress to protect providers that are positively impacting patients and our health care system by ensuring continued funding for these vital Medicare payment provisions.

Medicare-dependent Hospital Program

Medicare-dependent hospitals (MDHs) are small, rural hospitals with a high proportion of patients who are Medicare beneficiaries. Under the Medicare Inpatient Prospective Payment System (IPPS), these hospitals receive higher payments. There are approximately 200 MDHs across the country – all essential to their communities. The authority for the MDH program – last extended under MACRA – will expire after September 30, 2017. We strongly encourage the Committee to extend these additional payments.

Low-volume Adjustment

Patient volume is one of the factors beyond providers’ control. The low-volume add-on payment is given to qualifying hospitals – currently about 500 – which helps them to sustain and improve access to care in isolated and rural areas. These payments help providers account for the higher incremental costs associated with a low volume of discharges. The Affordable Care Act (ACA) eased the distance and volume requirements for hospitals to qualify for the low-volume adjustment and receive increased payments under the IPPS. Under the enhanced

adjustment, qualifying hospitals with 200 or fewer Medicare discharges receive a payment increase; the low-volume percentage adjustment diminishes to no increase for hospitals with 1,600 or more Medicare discharges. Funding for the enhanced low-volume adjustment has been extended four separate times since the ACA, most recently in MACRA. The authority for the enhanced low-volume adjustment will revert to the original, narrow standards – only two or three hospitals qualified annually – starting for discharges after September 30, 2017. We urge the Committee to continue these crucial add-on payments so that safety net hospitals can continue to operate in the most rural areas of our country.

Ambulance Add-On Payments

Long distances and fewer patients in rural areas put significant financial pressure on ambulance providers. To ensure patient access to ambulance services in rural areas, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) increased payments for rural ground ambulance services and included a super-rural payment for counties with the lowest population density.

- **Assistance for Rural Ambulance Providers in Low Population Density Areas**
Medicare bonus payments are provided for ground ambulance services originating in certain qualified rural areas. These areas are called ‘super-rural areas’ and represent areas that have the lowest quartile of population density. MACRA extended the super-rural ambulance add-on payment until December 31, 2017.
- **Temporary Increase for Rural Ground Ambulance Services**
For transports originating in a rural area, the Medicare ambulance fee schedule rates have a temporary payment increase that is in addition to the super-rural add-on payment. MACRA extended the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008 payment increases through December 31, 2017, after which, it expires.

On behalf of individuals and providers in rural areas, we encourage the Committee to extend both of these add-on payments.

Conclusion

Vizient membership includes a wide variety of hospitals ranging from independent, community-based hospitals to large, integrated health care systems that serve acute and non-acute care needs. Additionally, many are specialized, including academic medical centers and pediatric facilities. Individually, our members are integral partners in their local communities, and many are ranked among the nation’s top health care providers.

In closing, Vizient would like to thank the Subcommittee on Health of the Ways and Means Committee for providing us this opportunity to submit comment for the record on this hearing. On behalf of our members, we look forward to working with the Committee and offering support for efforts that lead to affordable and innovative improvements to the nation’s health care system. We respectfully ask that you consider the indispensable role played by America’s hospitals and health systems – and the potential impact that any policy change may have on their ability to continue providing the care for patients and communities they serve.