

April 16, 2020

The Honorable Mitch McConnell
Senate Majority Leader
317 Russell 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 Charles Schumer
Senate Minority Leader
322 Hart Senate Office Building
Washington, D.C., 20510

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

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

Due to the ongoing outbreak of COVID-19, hospitals across the country are facing unprecedented challenges, and the financial and human costs from the coronavirus crisis are enormous and continue to grow. Vizient is grateful to Congress for taking swift actions that led to the approval of three major pieces of legislation to respond to the crisis, including most recently, the Coronavirus Aid, Relief and Economic Security (CARES) Act. However, as you have all stated, Congress will need to take additional, ambitious actions in the weeks ahead to continue to support our country's needs. As Congress prepares for its next legislative response to COVID-19, Vizient is pleased to offer our recommendations for further steps that should be taken to help mitigate the financial toll of the ongoing crisis and provide for essential support for hospitals.

Vizient is the nation's largest health care 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 50% of the nation's acute care providers, which includes 95% of the nation's academic medical centers, and more than 20% of ambulatory providers. Vizient provides expertise, analytics, and advisory services, as well as a contract portfolio that represents more than \$100 billion in annual purchasing volume, to improve patient outcomes and lower costs. Headquartered in Irving, Texas, Vizient has offices throughout the United States.

While the significant investments offered through the CARES Act have been welcome relief, Vizient's hospital members continue to face sustained financial difficulties, including substantial revenue losses due to the cancellation of elective procedures. Hospitals and their employees are on the front lines of providing vital patient care related to COVID-19 as well as emergency and necessary ongoing care for non-COVID patients. In order to continue to support communities and patients hospitals must have the resources to maintain staff, acquire needed supplies, and be ready for possible surges in COVID-19 patients. As such, their financial well-being is of paramount importance.

To support our nation's hospitals, Vizient strongly urges Congress to make significant, ongoing investments to fulfill the financial needs of hospitals including:

- Vizient strongly urges Congress to **increase direct financial support to hospitals by adding at least \$100 billion to the Provider Relief Fund authorized by the CARES Act**. Although the Department of Health and Human Services (HHS) continues to distribute the funds from the CARES Act, the losses being sustained by hospitals will quickly eclipse that investment, particularly if a large share of that fund is used to offset care costs for uninsured patients as has been reported. Vizient recognizes the substantial investment Congress has already made in this fund, but, nonetheless, urges Congress to act quickly to provide for an additional investment, especially given the overwhelming demand for access to this fund by a variety of providers throughout the country.
- Vizient is pleased that the Centers for Medicare and Medicaid Services (CMS) has already begun distributing funds via the Accelerated and Advanced Payment Program. While we are appreciative that Congress expanded access to this critical program and extended the duration of the repayment period, we are concerned by the high interest rate that may be charged to providers. **We urge Congress to quickly act to provide clear authority for HHS to waive loan repayment or, at a minimum, significantly reduce the interest charged to providers who receive these advanced funds.** Hospitals that have elected to utilize this critical program were, and are, facing immediate cash flow disruptions due to the disruptions associated with COVID-19, including the cancellation of elective medical services to preserve resources and prioritize care. With so much uncertainty regarding the length of the COVID-19 crisis, as well as around when hospitals will begin to operate more normally, the one year repayment period for inpatient acute care hospitals, children's hospitals, certain cancer centers and Critical Access Hospitals is too short. Charging hospitals high interest rates (e.g., 10.25%) on any funds not recouped at the end of the repayment period will only exacerbate providers' financial instability as they attempt to emerge from this crisis. Because of these circumstances, Vizient strongly believes that CMS must have clear authority to provide significant flexibility (e.g., reducing the proportion of the withhold during the recoupment period, forgiving loans received via the Accelerated and Advanced Payment Program and reducing the interest rate charged on funds that are not recouped during the repayment period) for hospitals facing financial hardship.
- Congress should act now to increase funding available through the Small Business Administration's Payroll Protection Program and ensure that hospitals, including not-for-profit and public hospitals, have access to those loans.** In many communities, hospitals have been dramatically impacted by revenue losses from the cancellation of non-essential services. In many cases these hospitals are not just the only point of care in their communities, but also serve as the largest employer. Ensuring access to these funds will help to preserve jobs and protect access to care in many communities.
- Although Congress has already acted to provide additional financial relief to hospitals by delaying the Medicaid Disproportionate Share Hospital (DSH) cuts and the Medicare sequestration cuts, **we urge Congress to permanently repeal the reduction in Medicaid DSH payments and eliminate Medicare sequestration.** The overwhelming financial impact of the COVID-19 crisis, as well as the long-term uncertainty around recovering from such losses, calls for dramatic, long-term steps to support all of our nation's hospitals. Continuing to provide short term delays of both of these significant funding reductions only contributes to ongoing uncertainty for hospitals around the country who need to begin planning for what will be a long road to financial recovery.

Although the administration has been acting expeditiously to reduce regulatory burdens on providers, there continue to be concerns about onerous requirements and unintended consequences of several ongoing efforts. As such, we urge Congress to support additional flexibilities and policy changes in order to continue to provide needed relief to hospitals.

- Due to short and long-term resource and operational capacity limitations resulting from the COVID-19 crisis, **Vizient urges Congress to provide flexibility regarding statutory deadlines relevant to hospitals and encourages Congress to require the administration to work with key stakeholders (e.g., hospitals) to appropriately revise financially or administratively significant regulations** so that they may be implemented without undue burden on providers as they adapt after the public health emergency.
- **Congress should direct CMS to end the ongoing site-neutral payment reductions for excepted provider-based hospital outpatient departments (HOPDs).** CMS continues to move forward with site-neutral payment policies that reduce rates for HOPDs despite Congressional action to clarify that excepted facilities should not be subject to such cuts. During the ongoing coronavirus crisis, hospitals are already seeing significant revenue challenges and have been asked to postpone non-essential services (e.g., elective surgeries). Care provided at outpatient departments (both on and off campus) continues to be necessary and will vary depending on the current situation of COVID-19 cases in the community. HOPDs may be called upon to support triaging potential COVID-19 patients or provide essential care settings for non-coronavirus related services and treatments. Unnecessary payment reductions that are already contrary to statute will both hinder the current response to the COVID-19 emergency and make it far more difficult for hospitals to serve patients when the crisis is over. Given the significant long-term challenges for providers impacted by the COVID-19 crisis, Congress should also consider fully repealing Section 603 of the Bipartisan Budget Act of 2015, which originally created these so-called site neutral payment policies. When the spread of the pandemic subsides, it will be critical for providers to quickly return to normal business operations to provide elective and other non-urgent patient needs that have been foregone during the course of the pandemic. Eliminating financial penalties for outpatient procedures at off-campus HOPDs will further support financial viability for hospital providers and allow for greater patient access immediately.
- Because Indirect Medical Education (IME) funding is based on an intern and resident-to-bed ratio, adding beds to increase capacity and address the COVID-19 pandemic would have a negative financial impact on hospitals by reducing IME payments. **Congress should direct the administration to ensure that academic medical centers and other teaching hospitals that increase the number of beds to increase capacity in response to the COVID-19 emergency would not have their Indirect Medical Education (IME) payments reduced.** By allowing added beds to be excluded from the calculation, it would ensure that teaching hospitals are not penalized for expanding to serve patient needs. Additionally, CMS should take steps that allow hospitals in rural locations to temporarily expand capacity without having a negative impact on their provider status (such as Critical Access Hospitals, Medicare Dependent Hospitals, sole community hospital, swing-bed status, etc.).
- In recognition of the unique need for surge capacity for COVID-19 hotspots, **Vizient urges Congress to clarify that CMS is authorized to extend the 20% enhanced**

Medicare Diagnosis Related Group Payment rate for treatment of COVID-19 patients to Long Term Care Hospitals (LTCHs). Such facilities are already well-positioned with experienced clinicians and necessary equipment to provide excellent care to high acuity patients with respiratory diseases. Additionally, as patients with COVID-19 are recovering but still in need of high-level care, other non-acute facilities may be unwilling to accept transfers of COVID-19 patients. Extending the enhanced payment rate to LTCHs would help provide additional surge capacity in appropriate settings and ensure patients being treated for the virus will have access to care.

- **Congress should strongly encourage private payers, including Medicare Advantage plans, to take steps to reduce administrative barriers for providers.** This may include policies such as allowing providers to receive accelerated payments, or eliminating processes that cause a delay in payments, such as prior authorizations.
- Congress should direct CMS to take steps to offer **additional flexibility for hospitals and hospital programs that utilize the Medicare cost report.** CMS may consider allowing a two-year election for PPS hospitals to be paid on the previous cost report. Alternatively, CMS could authorize hospitals to utilize a blended rate or other options to ensure that the significant changes resulting from the coronavirus emergency do not have a disproportionate negative impact.

Finally, there have been many positive regulatory and administrative flexibilities offered in response to the coronavirus emergency. Many of these changes have been connected to the duration of emergency declaration. **Vizient strongly urges Congress and the administration to fully consider providing for a transitional period as the nation overcomes the crisis to provide hospitals with the necessary lead time to begin returning to the regular course of hospital care delivery and compliance activity.** Similarly, Vizient urges Congress and the administration to complete an in-depth, after-action review of all of the care delivery and regulatory flexibilities offered during the crisis in consideration of extending or making permanent many of those policy changes.

We thank you for your continued leadership and actions during this pandemic, but note that the unprecedented impact of the crisis will likely resonate for years. Without further action, the health care safety net across the country could be badly damaged with widespread hospital closures and the need for desperate steps to keep even widely-recognized hospital systems afloat. Congress has already taken significant steps, but further action is needed to ensure that hospitals and other health care providers are able to continue to serve their patients and communities.

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 as you develop additional legislative solutions to address this crisis.

Sincerely,



Shoshana Krilow
Vice President, Public Policy & Government Relations