

November 21, 2022

The Honorable Charles Schumer
Senate Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Senate Minority Leader
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
House Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Leader Schumer, Leader McConnell, Speaker Pelosi and Leader McCarthy:

On behalf of Premier Inc. and the providers we serve, thank you for your leadership and bipartisan support of our nation's healthcare system. Premier is a leading healthcare improvement company and national supply chain leader, uniting an alliance of 4,400 hospitals and approximately 250,000 continuum of care providers to transform healthcare. With integrated data and analytics, collaboratives, supply chain solutions, consulting and other services, Premier enables better care and outcomes at a lower cost. A Malcolm Baldrige National Quality Award recipient, Premier plays a critical role in the rapidly evolving healthcare industry, collaborating with healthcare providers, manufacturers, distributors, government and other entities to co-develop long-term innovations that reinvent and improve the way care is delivered to patients nationwide. Headquartered in Charlotte, North Carolina, Premier is passionate about transforming American healthcare.

As Congress enters the post-election work period, Premier urges lawmakers to take action to protect Americans' access to high-quality and cost-effective care. ***Most urgently, Premier calls on Congress to protect patient access to care by addressing the intense financial pressures facing providers and several pending end-of-year payment cuts that threaten providers' ability to remain operational across the country.*** Providers, both acute and non-acute, continue to experience significant fiscal challenges stemming from a combination of increased labor costs, record inflation and lagging reimbursement rates that do not account for these unprecedented financial challenges. For example, a Premier [analysis](#) based on actual wage data found that hospitals' labor rates increased 16.6 percent on a per-paid-hour basis since Q4 2020 and do not show signs of slowing. In the first two quarters of 2022 alone, labor rates increased by 10 percent. However, 2023 payment rates from the Centers for Medicare & Medicaid Services (CMS) fall woefully short of accounting for these rising costs. Financial pressures due to labor constraints are only expected to be further exacerbated as shortages across the clinical and non-clinical healthcare workforce worsen over the next decade.

Furthermore, Premier calls on Congress to provide a minimum of two years of relief for providers. For the past several years, including prior to the COVID-19 pandemic, providers have been caught in a cycle of continual crisis having to defend themselves against payment cuts at least annually, and oftentimes even more frequently. This constant battle has impacted the ability of providers to focus on longer-term strategic planning and care transformation as they fight to keep their doors open. As providers prepare to successfully transition to a post-pandemic environment and unwind from the waivers and flexibilities provided during the pandemic, a sufficient runway of relief is vital as they embrace the new normal.

The financial pressures facing our healthcare providers are real. ***Our healthcare providers deserve adequate payment that reflects both the current environment and their heroic actions throughout the course of the pandemic – Premier urges Congress to make our nation's providers whole.*** Specifically, Premier urges Congress to take immediate action during the lame duck session to reverse four pending payment cuts that threaten the viability of providers:

- **Statutory PAYGO Cut** - Hospitals and other providers across the country face a mandatory, across-the-board 4 percent cut to Medicare payments under pending statutory Pay-As-You-Go (PAYGO) requirements. The failure to waive Statutory PAYGO would result in damaging cuts - nearly \$10 billion to hospitals alone. This would be on top of a 2 percent Medicare sequester cut that took effect on July 1, 2022. These deep cuts would be devastating to providers. Historically, Congress has recognized the detrimental impact that PAYGO cuts would have on providers and previously waived their implementation. ***Premier urges Congress to repeat history and fully waive implementation of PAYGO for at least two years.***
- **Extension of Medicare Rural Hospital Payment Programs** - Rural hospitals play an essential role in providing local access to high quality, affordable care to millions of Americans living in underserved communities. Unfortunately, critical programs to support rural healthcare – the Medicare Dependent Hospital (MDH) and Low Volume Hospital (LVH) adjustment – are set to expire on December 16, 2022 with the expiration of the current continuing resolution (CR). Premier supports the bipartisan Assistance for Rural Community Hospitals (ARCH) Act ([H.R. 8747](#)) which would extend the MDH program and LVH adjustment for five years. ***Premier urges Congress to extend the Medicare Dependent Hospital and Low Volume Hospital Adjustment for at least two years to ensure continued access to care in rural communities.***
- **Pending Reductions to Physician Fee Schedule Reimbursement** - Providers paid under the CMS Physician Fee Schedule face a mandatory 3 percent cut at the end of the year absent Congressional action. Premier supports the bipartisan Supporting Medicare Providers Act of 2022 ([H.R. 8800](#)) which would delay these cuts for one year. ***Premier urges Congress to delay cuts under the Physician Fee Schedule for at least two years.***
- **Advanced Alternative Payment Model (APM) Bonus Expiration** - Value-based care is continuing to take root in our nation's healthcare system and is improving the quality of care by moving from a sickness-based healthcare system to one focused on wellness and outcomes. These payment system reforms are also bending the cost curve - in the last decade, accountable care organizations (ACOs) have generated more than \$16 billion in gross savings to Medicare while producing higher quality care for patients.¹ While progress has been made in the movement towards value, the COVID-19 pandemic unfortunately hindered further progress.

Much of this progress has been due to the availability of a Medicare 5 percent Advanced APM (AAPM) incentive payment that is set to expire at the end of 2022. Premier supports the bipartisan Value in Health Care Act ([H.R. 4587](#)) which would extend the AAPM bonuses and has broad stakeholder support from over [800 organizations](#) and [40 House members](#). ***Premier urges Congress to support the ongoing transition to value-based healthcare by extending the advanced alternate payment model bonus by at least two years to incentivize providers to enter value-based care models.***

In addition to addressing the intense financial pressures facing providers, Premier urges Congress to seize the opportunity during the lame duck session to pass other critical bipartisan and bicameral policies that would close gaps in healthcare access and improve the delivery of care.

- **Alleviating the Harm, Burdens and Costs of Prior Authorization in Healthcare** - While prior authorization can support evidence-based care, it can also limit timely patient access to medically necessary services and be costly, time-consuming and burdensome for healthcare providers and insurers. The current system of prior authorization is plagued with an overreliance on faxes, phone calls and a literal paper trail, which too often results in care delays and increased costs.

¹ <https://www.naacos.com/press-release--medicare-acos-increased-savings-for-seventh-straight-year>

Transitioning to electronic prior authorization transactions could save the healthcare system millions annually, improve patient safety, end harmful care delays and remove provider burden. Premier supports the bipartisan and bicameral Improving Seniors' Timely Access to Care Act ([H.R. 3173](#) / [S. 3018](#)) which would streamline prior authorization requirements under Medicare Advantage plans.

- **Ensuring Patient Access to Long-Term Care Pharmacy Services** - Long-term care (LTC) pharmacies provide specialized and distinct services for elder, vulnerable beneficiaries residing in LTC facilities across the country, yet no statutory definition of LTC pharmacies exists under current federal law or regulations. The lack of a statutory LTC pharmacy definition has led to conflicting and inappropriately applied policy directives across federal agencies, presenting hurdles for vulnerable seniors. Premier supports the bipartisan and bicameral Long-Term Care Pharmacy Definition Act ([S. 1574](#) / [H.R. 5632](#)) which would establish a uniform LTC pharmacy definition that explicitly identifies important LTC pharmacy service offerings.
- **Preserving Medicare Patient Access to Home Infusion** - CMS' narrow interpretation of the Medicare Part B home infusion services benefit has resulted in unintended consequences for providers across the continuum and threatened vulnerable patients' access to home infusion therapy. Premier supports the bipartisan and bicameral Preserving Patient Access to Home Infusion Act ([S. 2652](#) / [H.R. 5067](#)) which would clarify Congressional intent by making key policy changes to the home infusion services benefit. These changes are [supported by a broad coalition of stakeholders](#) and would improve patient access to care.
- **Providing Permanent Flexibility for Telehealth** - Greater utilization of telehealth has had a transformative effect on healthcare by reducing barriers to access. Made possible by waivers provided under the COVID-19 public health emergency (PHE), telehealth flexibilities are set to expire 151 days after the end of the PHE. Premier supports the bipartisan Advancing Telehealth Beyond COVID-19 Act ([H.R. 4040](#)) which would extend telehealth flexibilities through the end of 2024. These changes are supported by more than [375 organizations](#).
- **Extending Hospital at Home Program** – COVID-19 PHE waivers allowed patients to receive certain acute care services from the comfort and safety of their homes. More than 200 hospitals have embraced the “hospital at home” concept and have tailored their programs to meet specific patient and organizational objectives. This new avenue of care has freed up hospital capacity, offered a safe and effective method to care for COVID-19 patients and reduced avoidable emergency department visits. Premier [supports](#) the bipartisan and bicameral Hospital Inpatient Services Modernization Act ([S. 3792](#) / [H.R. 7053](#)) which would extend the CMS Acute Hospital Care at Home (AHCAH) waiver program for two years after the end of the PHE.
- **Investing in the Healthcare Workforce** - The healthcare workforce is currently experiencing severe shortages as a result of unprecedented pressures exacerbated by the pandemic, pushing our healthcare system to its limits. Premier supports the bipartisan Safety from Violence for Healthcare Employees (SAVE) Act ([H.R. 7961](#)) which would provide federal protections for healthcare workers who experience violence and intimidation in their workplace settings. These changes are [supported](#) by several healthcare organizations.
- **Preparing for the Next Pandemic** - Over the past year, Congress has invested significant time to learn and reflect from the COVID-19 pandemic and develop consensus policies to ensure our nation is better equipped to respond to the next pandemic. Premier supports the bipartisan Prepare for and Respond to Existing Viruses, Emerging New Threats, and Pandemics Act (PREVENTS Pandemics Act) ([S. 3799](#)) which would incorporate many of [Premier's recommendations](#) around strengthening the Strategic National Stockpile, mitigating drug and device shortages and maintaining supply chain integrity.

Premier also supports the bipartisan Medical and Health Stockpile Accountability Act ([H.R. 6520](#)) which would enable – for the first time – real-time data on the entire supply chain for critical medical supplies needed to treat patients during emergencies. This information will allow healthcare providers, manufacturers, distributors and the government to pinpoint the intersection of supply and demand, more effectively secure needed products, and better identify areas of vulnerability to prevent supply shortfalls. This legislation also aligns with recommendations from the [GAO](#) and [Business Executives for National Security](#).

Additionally, earlier this year Congress reauthorized the collection of FDA user fees for an additional five years, a significant achievement. Premier hopes that Congress will take further action on a number of bipartisan policy proposals that were considered during user fee deliberations in the House and Senate but not ultimately included in the extension agreement. These provisions would also have significant benefit to promoting the resiliency of the healthcare supply chain and our nation's readiness for future health emergencies.

In summary, Premier looks forward to working with Congress to advance bipartisan policies with broad stakeholder support to strengthen our nation's healthcare infrastructure, improve patient access to care and lower the cost of care.

If you have any questions regarding our comments or need more information, please contact me at soumi_saha@premierinc.com or 732-266-5472.

Sincerely,



Soumi Saha, PharmD, JD
Senior Vice President of Government Affairs
Premier Inc.

cc: Senate Finance Chairman Wyden
Senate Finance Ranking Member Crapo
Senate HELP Chairman Murray
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Ways & Means Chairman Neal
Ways & Means Ranking Member Brady
Energy & Commerce Chairman Pallone
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