

September 8, 2023

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

The Honorable Kevin McCarthy
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

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

The Honorable Hakeem Jeffries
House Minority Leader
U.S. House of Representatives
Washington, DC 20515

Re: Critical Healthcare Priorities for Congress to Address this Fall

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

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 4,350 hospitals and approximately 300,000 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 returns from the August district work period, Premier urges lawmakers to address pressing legislative healthcare priorities by Oct. 1. These include:

- Preventing impending cuts to Medicaid Disproportionate Share Hospital (DSH) payments that would exacerbate the intense financial pressures facing hospitals and threaten access for our most vulnerable populations;
- Reauthorizing the Pandemic and All-Hazards Preparedness Act (PAHPA); and
- Providing continuing funding for Community Health Centers as well as other expiring public health programs.

Congress has historically addressed these critical healthcare issues in a bipartisan and bicameral manner and Premier urges Congress to continue to approach these issues in that manner.

I. PREVENTING LOOMING MEDICAID DISPROPORTIONATE SHARE HOSPITAL (DSH) CUTS

Premier urges Congress to protect access to care and prevent impending cuts to the Medicaid DSH program, which are scheduled to go into effect on Oct. 1, 2023, for at least two years. Without legislative action, the Centers for Medicare & Medicaid Services (CMS) will move forward with these reductions, resulting in an \$8 billion cut for hospitals in Fiscal Year (FY) 2024 and \$8 billion in each of the following three years.

The Medicaid DSH program was created to help offset uncompensated care costs for hospitals that provide care to large numbers of Medicaid and uninsured patients. These hospitals provide critical services and are economic and healthcare anchors in their communities. More than 2,500 hospitals in the U.S. receive DSH

payments which help keep many hospitals financially viable and able to provide care to vulnerable individuals.

The Affordable Care Act (ACA) required reductions to the Medicaid DSH program over time, beginning in FY 2014, under the assumption that the law would increase health insurance coverage and therefore hospitals would be providing less uncompensated care. Unfortunately, the coverage levels anticipated under the ACA have not been fully realized and therefore the levels of uncompensated care provided by DSH hospitals to uninsured and underinsured remains at pre-ACA levels.

An \$8 billion cut to DSH hospitals at this time would be detrimental as providers 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. In addition, the Medicaid program and its beneficiaries face a particularly difficult transition this year as states institute redetermination processes related to the expiration of the public health emergency (PHE) that are estimated to increase the need for hospitals to provide care to those that lose coverage.

Congress – in a bipartisan manner – has previously delayed the Medicaid DSH cuts due to concerns regarding the potential impact on hospitals, patients and communities. ***Premier urges Congress to prevent the pending Medicaid DSH cuts once again for at least two years and protect access to care for our nation's most vulnerable patients.***

II. REAUTHORIZING THE PANDEMIC AND ALL HAZARDS PREPAREDNESS ACT (PAHPA)

Premier urges the House and Senate to act in a bipartisan manner to reauthorize PAHPA before the expiration of the current authorization on Oct. 1. The existence of PAHPA during the COVID-19 pandemic was instrumental in supporting the nation's rapid response. As a nation we would have been in a much worse situation had PAHPA's infrastructure not been in place.

Premier appreciates the thoughtful approach to seeking stakeholder input shown by the leadership of both the Senate Health, Education, Labor and Pensions (HELP) Committee and House Energy and Commerce (E&C) Committee. In response, Premier submitted detailed recommendations to the HELP and E&C Committees as well as statements for the record in connection with committee action¹. Premier supports themes within the bills passed by each committee related to public-private collaboration, bidirectional data sharing, the need to standardize and modernize data collection, and focus on individuals with disabilities. However, Premier is concerned that the current proposals do not sufficiently heed the lessons learned from the COVID-19 pandemic and apply them in a manner that will fundamentally alter our nation's response to future pandemics or emergency responses. As we noted in prior comments, ***Premier urges Congress to reconsider bolder, bigger, and more impactful policies for inclusion in any final package, such as provisions to strengthen the Strategic National Stockpile, address drug shortages, modernize the supply chain data infrastructure and incentivize domestic manufacturing. In addition, Premier urges Congress to ensure PAHPA is reauthorized in a timely manner and that no lapse in our nation's preparedness infrastructure occurs.***

¹ [Premier-Comments_Senate-HELP-PAHPA-Discussion-Draft_July-2023_FINAL.pdf \(premierinc.com\)](#)
[Premier-Comments_EC-PAHPA-RFI_FINAL.pdf \(premierinc.com\)](#)
[Premier-Comments_HELP-PAHPA-RFI_FINAL.pdf \(premierinc.com\)](#)
[Premier-Statement_EC-Committee-Hearing_PAHPA.pdf \(premierinc.com\)](#)
[Premier-Statement_HELP-Committee-Hearing_PAHPA.pdf \(premierinc.com\)](#)

III. EXTENDING FUNDING FOR IMPORTANT PUBLIC HEALTH PROGRAMS

Premier urges Congress to extend funding for important public health programs that expire at the end of the current fiscal year. These programs provide vital support to underserved communities, help grow the healthcare workforce and are critical to addressing substance use disorders.

- **Community Health Centers (CHCs):** The federally supported community health center system supports more than 1,400 organizations and has created an affordable healthcare option for more than 30 million people nationwide, many in underserved communities as well as veterans and children. CHCs increase access to crucial primary care by reducing barriers related to cost, lack of insurance, distance and language for their patients. Through the timely delivery of preventative care, CHCs improve the well-being of countless Americans and reduce government spending on healthcare. In addition, CHCs serve on the front lines in our battle against addiction and mental health and are a lifeline for many patients and their communities.

The CHC Fund (CHCF) accounts for nearly 70 percent of health center funding and expires at the end of FY 2023. This expiration comes when CHCs are experiencing financial strain due to the unwinding of the PHE and the expiration of pandemic relief funding. Furthermore, inflation and soaring workforce costs have made retaining and recruiting the next generation of health professionals more difficult. CHC funding is vital to communities nationwide, over half of which are rural. Further, this funding supports CHC data modernization efforts and preparation for future public health emergencies. Funding for CHCs has historically always received bipartisan support in Congress and therefore Premier ***urges lawmakers to quickly act this fall to ensure there is no interruption to CHC funding which supports critical care in America's communities.***

- **Workforce training programs:** The Teaching Health Centers Graduate Medical Education (THCGME) program, the Children's Hospital Graduate Medical Education Program (CHGME) and the National Health Service Corps (NHSC) program are not only fundamental for tackling the healthcare labor shortage, but they provide essential and comprehensive services for rural and tribal communities as well as children across the U.S. These programs expand our ability to deliver primary care across the country. Therefore, ***Premier urges Congress to continue its record of bipartisan support for workforce training programs and ensure continuation of funding.***
- **The Substance Use Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities (SUPPORT) Act:** This law, which passed in 2018 with robust bipartisan support, has been instrumental in helping our nation address the opioid epidemic through programs and policies that impact treatment, prevention and recovery. The ongoing opioid epidemic continues to overwhelm hospitals² with an estimated 66 million emergency department visits and 760,000 inpatient admissions each year. ***Premier urges Congress to leverage the reauthorization of the SUPPORT Act to reduce barriers to receiving and delivering care for substance use disorders by improving payment policies (including those that promote telehealth services), reducing unnecessary regulatory and administrative burden for providers and strengthening the behavioral healthcare workforce.***

IV. CONCLUSION

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 and lower the cost of care.

² <https://premierinc.com/newsroom/premier-in-the-news/how-opioid-misuse-is-costing-health-systems>

House and Senate Leadership
September 8, 2023
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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,

A handwritten signature in black ink, appearing to read 'Soumi Saha', with a stylized flourish at the end.

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 Sanders
Senate HELP Ranking Member Cassidy
Ways & Means Chairman Smith
Ways & Means Ranking Member Neal
Energy & Commerce Chair McMorris Rodgers
Energy & Commerce Ranking Member Pallone