

November 9, 2023

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

The Honorable Mike Johnson
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 Immediate Congressional Action

Dear Leader Schumer, Leader McConnell, Speaker Johnson 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 the end of 2023 rapidly approaches, Premier urges lawmakers to act quickly to address pressing legislative healthcare priorities, including policies requiring action by Dec. 31, as well as a number of items that expired Sept. 30, some of which have been temporarily extended under the current continuing resolution (CR). 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;
- Providing continuing funding for Community Health Centers as well as other expiring public health and workforce training programs;
- Continuing to support movement to alternative payment models that incentivize high-value care for beneficiaries;
- Continuing policies to prevent providers from being disenrolled in the 340B drug discount program;
- Mitigating Medicare payment reductions to physicians and other key specialists; and
- Reauthorizing the Pandemic and All-Hazards Preparedness Act (PAHPA).

Congress has historically addressed these critical healthcare issues in a bipartisan and bicameral manner and Premier urges lawmakers 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 for at least two years. While the CR has temporarily delayed the onset of these cuts until Nov. 17, further legislative action is needed to prevent these reductions beyond that date. Left unaddressed, these

cuts will result 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.

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 reinstitute eligibility redeterminations related to the expiration of the public health emergency (PHE) that is estimated to increase the needs for hospitals to provide care to those that lose coverage.

Premier urges Congress to prevent the pending Medicaid DSH cuts for at least two years and protect access to care for our nation's most vulnerable patients.

II. EXTENDING FUNDING FOR IMPORTANT PUBLIC HEALTH PROGRAMS

Premier urges Congress to extend funding for important public health programs that expired at the end of FY 2023. These include:

- **Community Health Centers (CHCs):** The federally supported CHC system supports more than 1,400 organizations and has created an affordable healthcare option for more than 30 million people nationwide, many in rural and 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 authorization for the program expired at the end of FY 2023, on Sept. 30. The CR only extends CHCF funding through Nov. 17, and Premier urges Congress to move quickly to fully extend funding. CHCs have historically received bipartisan support in Congress and ***Premier urges lawmakers to ensure there is no interruption to CHC funding which supports critical care in America's communities.***

- **Workforce training programs:** Persistent workforce shortages continue to challenge healthcare providers and Premier [believes](#) addressing these challenges will require a multi-pronged approach, and a mix of both near term and longer-term solutions. Regarding near term solutions, it is imperative that Congress reauthorize critical workforce training programs to ensure no further degradation of the healthcare workforce. These programs include 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) that 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 and are fundamental to tackling the healthcare labor shortage.

Additionally, authorization for the Conrad 30 J-1 visa waiver program expired Sept. 30. Under the Conrad 30 program, each state is allocated 30 waivers that exempt J-1 physicians from the requirement to return to their country of origin in exchange for three years of service in an

underserved community. While a temporary extension of the program's authorization was included in the CR, Premier urges Congress to move quickly to extend this program which has helped Americans in rural and underserved areas receive medical care.

Premier urges Congress to continue its record of bipartisan support for these vital 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. Unfortunately, the SUPPORT Act authorization was allowed to lapse as of Sept. 30. The ongoing opioid epidemic continues to overwhelm hospitals¹ with an estimated 66 million emergency department visits and 760,000 inpatient admissions each year. ***Premier urges Congress to reauthorize 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.***

III. EXTENDING INCENTIVES FOR ADVANCED ALTERNATIVE PAYMENT MODEL (APMs)

Premier urges Congress to bolster and advance the ongoing transition to value-based patient care by continuing advanced alternative payment model (APM) incentive payments under Medicare.

Greater adoption of value-based care is improving the quality of care for American seniors by moving from a sickness-based healthcare system to one focused on wellness and outcomes. APMs have demonstrated that when physicians and other clinicians are held accountable for costs and quality and provided flexibility from fee-for-service (FFS) constraints, they can generate savings for taxpayers and improve beneficiary care. In the last decade, accountable care organizations (ACOs) have generated savings to Medicare – including \$1.8 billion in 2022 - while producing higher quality care for patients.²

Much of this progress has been due to the availability of a Medicare Advanced APM incentive payment that is set to expire at the end of 2023. Advanced APM incentive payments allow clinicians to cover some of the investment costs of moving to new payment models, including expanding care teams, developing programs to improve beneficiary care and adopting population health infrastructure. Incentives also help to improve care for patients by giving clinicians financial resources to expand services beyond those covered by traditional Medicare.

However, unless Congress acts progress towards greater adoption of value-based care could suffer a setback as the eligibility to earn Advanced APM incentive payments set to expire at the end of 2023. Premier recently joined with more than 600 other national, state and local organizations in sending [a letter to congressional leadership](#) calling for Congress to extend the APM incentives payments at a level of 5 percent for two years to ensure physicians and other clinicians continue to participate in Advanced APMs. These provisions are also included in the bipartisan “Value in Health Care Act” ([H.R. 5013](#)). ***Premier urges Congress to support the ongoing transition to value-based healthcare by extending the Advanced APM bonus at 5 percent for at least two years.***

¹ <https://premierinc.com/newsroom/premier-in-the-news/how-opioid-misuse-is-costing-health-systems>

² <https://www.cms.gov/newsroom/press-releases/medicare-shared-savings-program-saves-medicare-more-18-billion-2022-and-continues-deliver-high>

IV. EXTENDING TEMPORARY RELIEF FOR 340B HOSPITALS

Premier asks Congress to support an extension of the 340B eligibility protections that were authorized in Section 121 of the Consolidated Appropriations Act of 2023 (CAA). These provisions provide temporary relief to 340B hospitals at risk of losing access to the program due to impacts associated with the COVID-19 PHE on the DSH percentage threshold. Unless relief is extended, protections will expire when at-risk hospitals file their next Medicare cost reports, a process that will begin as early as November for some hospitals. That means these hospitals are in jeopardy of completely losing access to the program or experiencing a major loss of 340B savings used to provide critically needed care in their communities. According to some estimates, more than 400 hospitals – including many small, rural hospitals – are at-risk of losing eligibility in the coming months because of pandemic-era effects, including the Medicaid redetermination process, continuing to lower their DSH percentages.³ In addition, many states are further disadvantaged as their social security offices are severely backlogged in processing claims for supplemental security income (SSI) which is impacting their DSH thresholds. As such, hospitals should not be penalized for the failure of government agencies to efficiently process claims in a timely manner.

Even a temporary loss of 340B savings can seriously jeopardize safety-net hospitals, particularly smaller, rural institutions that are already facing serious financial challenges. ***To protect access to care, Premier urges Congress to pass a two-year extension of the 340B eligibility protections that were authorized in Section 121 of the CAA.***

V. MITIGATING REDUCTIONS TO MEDICARE REIMBURSEMENT FOR PHYSICIANS AND OTHER PROVIDERS

Providers paid under CMS' Physician Fee Schedule (PFS) are slated for a 3.4 percent Medicare Part B payment cut stemming from the provisions in the Calendar Year 2024 Medicare Physician Fee Schedule final rule. Unless Congress intercedes, these payment reductions will take effect on Jan. 1, 2024. Given the unprecedented financial challenges and record inflation that providers are facing, ***Premier urges Congress to take action to mitigate the impact of cuts under the Physician Fee Schedule.***

Additionally, Congress has previously acted to apply a temporary floor of 1.0 to raise the physician work Geographic Practice Cost Indices (GPCI) value to the national average for localities with values below it. That floor is set to expire at the end of 2023 without Congressional action, which would result in even greater payment cuts for rural physician practices, undermining access to care in these communities. ***Premier urges lawmakers to extend the physician work GPCI floor of 1.0 to any locality that would otherwise have an index value below that level.***

Finally, in June, CMS announced plans to implement cuts totaling 9.36 percent to home healthcare providers starting in 2024, on top of the 3.9 percent cut that began in 2023. Home healthcare allows approximately 3.5 million Medicare beneficiaries to be treated in the cost-effective setting they prefer most - their homes. These cuts, which could total up to \$20 billion over the next 10 years, would make it harder for patients to leave the hospital and go home with care that helps them recover and rehabilitate. ***Therefore, Premier urges Congress to take action to mitigate the impact of these cuts to home healthcare.***

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

Premier urges the House and Senate to act in a bipartisan manner to reauthorize PAHPA. Authorization for most of PAHPA expired Sept. 30, and a temporary extension of authorization was not included as part of the CR. The existence of PAHPA during the COVID-19 pandemic was instrumental in supporting the nation's rapid response and as a nation we are less well prepared to face public health crises while it remains unauthorized.

³ https://www.ruralhealth.us/NRHA/media/Emerge_NRHA/Advocacy/Government%20affairs/2023/NRHA-340B-Extender-Letter-final.pdf

Premier has shared detailed recommendations on priorities and potential improvements in connection with PAHPA with both the Senate Health, Education, Labor and Pensions (HELP) Committee and House Energy and Commerce Committee⁴. 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 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.** Timely reauthorization of PAHPA is a vital health priority if we are to avoid undermining our nation's preparedness infrastructure.

VII. 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.

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 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

⁴ [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 \(premierinc.com\)](#)
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