

May 19, 2022

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

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

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

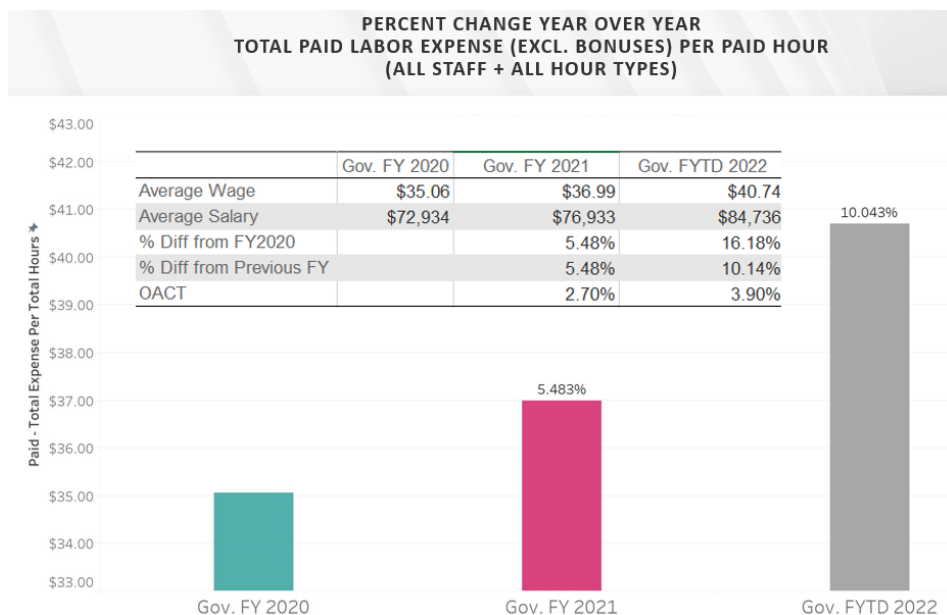
The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

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

On behalf of the Premier healthcare alliance serving approximately 4,400 hospitals and health systems, hundreds of thousands of clinicians and 225,000 other provider organizations, we write to urge Congress to remain focused on ending the pandemic and ensuring the U.S. is equipped to provide high-quality, high-value healthcare during this challenging time by supporting healthcare providers in these efforts.

Many members of Congress are hearing from healthcare providers in their district about the enormous financial pressures they are under. There is good reason for that. Hospitals and non-acute care providers continue to experience significant fiscal challenges due to the ongoing and lingering economic effects of the pandemic, not the least of which is skyrocketing labor costs. As talent shortages become more severe, providers are paying more to attract and retain scarce staff, a reality that is not expected to slow down as the pandemic subsides.

CMS updates hospital rates based on a number of factors including an inflation index specific to hospitals. Labor costs represent approximately 68 percent of the index. For FY 2022, this resulted in hospitals receiving only a 2.7 percent rate increase. [Our analysis](#), which is based on actual wage data from a nationally representative sample of hospitals, found a 6.5 percent increase in hospital labor rates. That same analysis showed that labor rates have already jumped 10 percentage points in the first two quarters of 2022 alone. The Centers for Medicare & Medicaid Services (CMS) is [proposing](#) an inpatient payment update of only 3.2 percent for FY 2023, which falls woefully short of covering hospitals' actual costs.



House and Senate leaders

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Moreover, healthcare providers are now dealing with Medicare sequestration cuts again, and Provider Relief Funds (PRF) have expired, creating additional pain points for healthcare providers.

The Premier healthcare alliance is calling on Congress to act now to provide additional resources to those providers struggling under these pressures due in part to inadequate Medicare payment.

We look forward to working with Congress to help ensure our nation's healthcare providers and systems can continue to provide quality care to patients and meet the demands of the ongoing pandemic.

Sincerely,

A handwritten signature in black ink, appearing to read "Blair Childs". The signature is fluid and cursive, with a large, stylized initial "B" and "C".

Blair Childs
Senior Vice President of Public Affairs
Premier Inc.