

April 17, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
U.S. Capitol Building S-230
Washington, DC 20210

The Honorable Nancy Pelosi
Speaker
U.S. House of Representative
U.S. Capitol Building H-222
Washington, DC 20215

The Honorable Charles E. Schumer
Democratic Leader
U.S. Senate
U.S. Capitol Building S-221
Washington, DC 20510

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
U.S. Capitol Building H-204
Washington, DC 20515

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

On behalf of the Premier healthcare alliance serving approximately 4,000 leading hospitals and health systems, hundreds of thousands of clinicians and 175,000 other provider organizations, we applaud your leadership in enacting the *Coronavirus Preparedness and Response Supplemental Appropriations Act, the Families First Coronavirus Response Act, and the Coronavirus Aid, Relief, and Economic Security (CARES) Act*. The relief funds and loans for providers, enhanced payments for caring for COVID-19 patients and the expansion of telehealth and other critical provisions have helped our members shift their care practices while remaining financially stable for the short-term.

While these actions have significantly improved healthcare providers' ability to combat the epidemic, Premier commends Senate and House leaders for recognizing that additional, substantial steps are needed by the federal government to ensure our nation's healthcare system is prepared to face the upcoming weeks and months as the virus threatens communities at the same time Americans seek to return to work. Additionally, we request that you help ensure that the progress that has been made in transforming the healthcare delivery system does not regress toward an emphasis on fee-for-service care. As we recover from the COVID-19 pandemic we must ensure we accelerate the movement to value-based care. Below are provisions that we urge Congress to include in the next emergency supplemental legislation.

Additional Funding for Providers. We greatly appreciate the initial \$100 billion allocated in the CARES Act for alleviating some of the financial stress that providers are under as they face the increased costs of responding to the public health crisis and lost revenue from the cancellation of elective surgeries. Even with this help, resources for many healthcare providers in hot spots are already stretched thin or exhausted and providers in other areas continue to ramp up COVID-related activities while forgoing significant revenue from other services. We echo the concerns of many other provider organizations and strongly urge Congress to provide additional emergency funding through this program.

Changes to Advanced and Accelerated Payments. The CARES Act provided a much-needed infusion of funds into our healthcare system by providing authority for the Secretary to make changes to the accelerated payment program. We request that Congress make two essential changes to the program.

- *Repayment timeline.* As we do not know how long the current public health emergency will last or how long it will take for health systems and other providers to return to normal operations, we

believe it may be difficult for providers to begin repaying in four months. As currently structured, it is likely that when repayment begins a provider's claims payment will have to be reduced to 0 percent for the duration of the repayment period in order to fully repay the advanced/accelerated payment. This approach simply delays when health systems and other providers will face significant challenges due to decreased revenue. Congress should give CMS authority to delay the start of repayment based on the phased approach of reopening (e.g. CMS could delay the hospital repayment start until elective surgeries resume) and provide up to two years for repayment prior to accruing interest. **We request that Congress put in statute that the Secretary shall use this authority to delay the start of repayments and extend the repayment timeline.**

- *Establish an Accelerated/Advanced Payment Forgiveness Program.* We believe that many providers will not be able to fully reconcile their advanced/accelerated payments during the repayment period. We request that Congress **designate funds to reduce or eliminate repayment of advanced/accelerated payments.**
- *Reduce Interest.* An interest rate of 10.25 percent at the conclusion of the repayment period presents another financial hurdle for providers that receive advance/accelerated payments. As we state above, many providers will be unable to fully repay the accelerated/advanced payment in the allowed timeline. We suggest that Congress **waive the collection of interest or set a lower interest rate.**

Ensuring Continued Movement to Value-Based Care. The pandemic has required greater care coordination across the traditional healthcare silos as providers work to manage infected patients in the most effective settings. Leading health systems and providers operating in value models were able to rapidly implement strategies to respond to COVID-19, coordinating with local providers, expanding telehealth and diverting care managers to help manage patient outcomes. Moreover, if we had made more progress in value-based care prior to COVID-19, with more entities in global budgets or capitation, we could have avoided the financial challenges many providers faced. We urge Congress to support a continued emphasis on movement to value by:

- Directing CMS and the Center for Medicare & Medicaid Innovation (CMMI) to establish 2020 as a hold harmless year, where alternative payment models (APM) participants could choose to have no reconciliation for 2020;
- Providing funds to APM participants that choose to have no reconciliation, recognizing the need for continued investment in population health;
- Paying MACRA bonuses to any provider in a downside risk arrangement and extending the bonuses five years;
- Including the Accountable Care in Rural America Act (H.R. 5212) and The Rural ACO Improvement Act (S. 2648) in the next legislative package; and
- Removing risk adjustment caps from value models as patients who avoided care during shelter-in-place orders may have now be a higher risk beneficiary.

Domestic Manufacturing Capacity for Medical Supplies. As shortages of personal protective equipment (PPE) and drugs persist during the United States' response to COVID-19, foreign reliance on manufacturing has been a consistent theme. Section 3101 of the CARES Act requires a report by the National Academies of Medicine (NAM) on the foreign reliance on manufacturing for critical healthcare supplies, the risk to national security, and recommendations for improving the resiliency of the supply chain. However, these recommendations are not expected to be available in the near future and therefore Premier urges Congress to accelerate the development of this report to strengthen domestic manufacturing in the long-term. While the NAM report is under development, some interim and short-term solutions are necessary to help incentivize domestic manufacturing of these critical medical supplies. We ask Congress to consider two options:

- Offer 0% interest loans to manufacturers of critical medical supplies and pharmaceuticals to incentivize increasing domestic manufacturing capacity.
- Offer tax incentives to manufacturers of critical medical supplies and pharmaceuticals to incentivize increasing domestic manufacturing capacity, similar to incentives provided during the 1980's and 1990's to incentivize manufacturing in Puerto Rico. These interim solutions would not only help increase domestic supply of these critical supplies, but also help reinvigorate the economy.

We remain committed to working with Congress to address the COVID-19 pandemic. Contact Duanne Pearson (VP, Advocacy) at duanne_pearson@Premierinc.com or 202.879.8008 with questions or for more information.

Sincerely,



Blair Childs
Senior Vice President, Public Affairs
Premier Inc.