

October 24, 2022

The Honorable Charles E. Schumer
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, DC 20510

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

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

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

America's hospitals and health systems are facing crushing financial challenges. The financial support provided during the COVID-19 public health emergency — while greatly appreciated — just barely kept the field afloat. Rising costs, workforce challenges and diminished Medicare and Medicaid reimbursements are prolonging these challenges that will affect access to care for patients and communities.

Many payments to hospitals and health systems are dependent on Medicare and Medicaid — these are fixed reimbursements that do not allow hospitals to absorb or deflect the impact of historic inflation levels. Ninety-four percent of hospitals have 50% or more of their inpatient days paid by Medicare or Medicaid and more than three quarters of hospitals have 67% or more Medicare or Medicaid inpatient days — meaning inflation is having a devastating effect on hospitals' abilities to keep the lights on.

Hospitals and health systems are navigating unprecedented increased expenses from supply chain disruptions, workforce shortages, and labor and drug costs. Even before the pandemic, labor costs — including recruitment, retention, benefits, incentives and training — accounted for more than 50% of hospitals' total expenses. By the end of 2021, hospitals' labor expenses per patient were 19.1% higher than pre-pandemic levels.

In addition, a September report from the health care consulting firm [Kaufman Hall](#) found that 2022 is expected to be the most financially difficult year for hospitals since the start



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of the pandemic. Total expenses are projected to increase by \$135 billion in 2022 compared to 2021, and more than two-thirds of hospitals could be operating at a financial loss in 2022, according to the report.

As Congress begins to focus on its end of the year agenda, America's hospitals and health systems respectfully request that you consider the following priorities:

Address Workforce Shortages

- **Address patient discharge backlog.** Significant workforce shortages at facilities, such as those in post-acute and behavioral health, are making it more difficult for acute care hospitals to discharge patients to the appropriate care setting. This means patients must remain in inpatient beds longer than is medically necessary. As a result, hospitals must bear the costs of caring for patients for those excess days without any reimbursement. **We ask Congress to establish a temporary per diem payment targeted to hospitals to address this issue.**
- **Make certain waivers permanent.** The COVID-19 public health emergency offered hospitals critical waivers and other flexibilities to minimize disruptions and improve access to care. **Waivers for telehealth and hospital-at-home programs, among other things, have led to improvements in care and should be made permanent or extended beyond the duration of the public health emergency.** These waivers also provided critical flexibilities around workforce and personnel to care for patients during what has been a prolonged and unpredictable pandemic. The need for these workforce flexibilities still exist as the health system continues with recovery and rebuilding efforts.
- **Increase GME slots.** There is an urgent need for additional physicians in the U.S. Without action to help alleviate physician shortages, patients' access to care will be threatened. The purpose of graduate medical education (GME) funding is to ensure an adequate supply of well-trained physicians. **We ask Congress to pass legislation to increase the number of Medicare-supported GME positions.**

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Provide Targeted Relief to Hospitals

- **Extend or make permanent rural programs.** Medicare-dependent Hospital and enhanced Low-volume Adjustment programs are slated to expire on Dec. 16. **We ask that you continue this vital support for many rural hospitals and the patients who depend on them.**
- **Pass the Improving Seniors Timely Access to Care Act.** We applaud the House of Representatives for passage of the Improving Seniors Timely Access to Care Act, which streamlines prior authorization requirements under Medicare Advantage plans. The policies included in the legislation are a good first step to increasing patient access to care and reducing burden for providers. **We encourage Senate passage of this legislation.**
- **Create a metropolitan anchor hospital (MAH) designation.** [MAHs](#) have provided critical health care and social services to diverse populations in the nation's cities. These hospitals serve as a lifeline in communities that include patients who are low income, and often challenged in accessing comprehensive, quality health care. **We urge Congress to create a special statutory designation for these hospitals serving high-need vulnerable communities.**
- **Stop damaging cuts.** The Statutory Pay-As-You-Go (PAYGO) sequester, which requires that mandatory spending and revenue legislation do not increase the federal budget deficit over a 5- or 10-year period, will continue to result in massive cuts to hospital providers in fee-for-service Medicare. **We ask that you prevent the Statutory PAYGO sequester from going into effect.**

Thank you for your continued support for America's hospital and health systems. We look forward to working with you in the weeks ahead.

Sincerely,

/s/

Richard J. Pollack
President and Chief Executive Officer