

May 23, 2019

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Dear Senator Smith and Senator Cassidy,

The Society of Hospital Medicine, representing the nation's hospitalists, is writing to voice our support for the Reducing Administrative Costs and Burdens in Health Care Act of 2019 (S. 1260). This legislation encourages federal- and state-level innovation to lower healthcare costs by reducing excessive administrative spending.

Providers and hospital systems expend countless resources, both time and dollars, adhering to unnecessary and excessive administrative burdens instead of investing those resources in providing quality patient care. National data suggests that more than 50 percent of the physician workforce is burned out.ⁱ Excessive administrative burden is a major contributor to physician burnout, which negatively affects quality and safety within the hospital and further increases health care costs. Notably, the Reducing Administrative Costs and Burdens in Health Care Act calls for a 50% reduction of unnecessary administrative costs from the Department of Health and Human Services (HHS) within the next ten years.

Hospitalists are front-line clinicians in America's acute care hospitals whose professional focus is the general medical care of hospitalized patients. Their unique position in the healthcare system affords hospitalists a distinct perspective and systems-based approach to confronting and solving challenges at the individual provider and overall institutional level of the hospital. In this capacity, hospitalists experience multiple examples of administrative requirements directly detracting from patient care and redirecting finite resources away from care to meet compliance demands.

By way of example, navigating the administrative rules around inpatient admissions and outpatient observation care, for example, requires a significant shift of healthcare resources away from patient care. While patients admitted under observation receive nearly identical care to those admitted as an inpatient, hospitalists report that, in addition to themselves as the direct healthcare provider, status determinations between inpatient admissions and outpatient observation care require the input of a myriad of staff including nursing, coding/compliance teams, utilization review, case managers and external review organizations.ⁱⁱ A recent study in the Journal of Hospital Medicine indicated that an average of 5.1 full time employees, not including case managers, are required to navigate the audit and appeals process associated with hospital stay status determinations.ⁱⁱⁱ These are resources that should be directly used for patient care, but are redirected towards regulation compliance, increasing cost of care without increasing quality.



We believe this legislation has the potential to reduce these administrative requirements, enable maximal time and resources to go directly to patient care, and help reduce provider burnout. SHM is pleased to offer our assistance and support for the passage of this bill.

Sincerely,

Christopher Frost, MD, SFHM
President, Society of Hospital Medicine

ⁱ Shanafelt, Tait D. et al. Changes in Burnout and Satisfaction With Work-Life Balance in Physicians and the General US Working Population Between 2011 and 2014. *Mayo Clinic Proceedings*, Volume 90, Issue 12, 1600 - 1613

ⁱⁱ Society of Hospital Medicine. *The Hospital Observation Care Problem: Perspectives and Solutions from the Society of Hospital Medicine*. September 2017. Accessed July 23, 2018 via <https://www.hospitalmedicine.org/globalassets/policy-and-advocacy/advocacy-pdf/shms-observation-white-paper-2017>.

ⁱⁱⁱ Sheehy AM, et al. Recovery audit contractor audits and appeals at three academic medical centers. *J Hosp. Med.* 2015 Apr;10(4):212-219.