



AMERICA'S ESSENTIAL HOSPITALS

March 27, 2020

Alex Azar
Secretary
U.S. Department of Health and Human Services
200 Independence Ave. SW
Washington, DC 20201

Dear Secretary Azar:

America's Essential Hospitals appreciates the actions of the Trump administration, including the Department of Health and Human Services (HHS), to mitigate the novel coronavirus (COVID-19) outbreak. Recently, we have seen Congress act through a series of stimulus bills that include several critical provisions aimed at supporting hospitals responding to the public health emergency. Most notably, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748) created the Public Health and Social Services Emergency Fund. This fund provides \$100 billion to health care providers for healthcare-related expenses and lost revenue attributable to COVID-19. Now, it is up to your agency to decide how best to distribute these funds where they are most needed. **America's Essential Hospitals urges HHS to target these critical dollars to essential hospitals on the front lines of this public health crisis, keeping a focus on hospitals:**

- **with the most limited cash reserves and that serve the most vulnerable patients and communities;**
- **located in areas severely affected by COVID-19;**
- **preparing for potential surges in COVID-19 cases; and**
- **reducing other functions to stand ready throughout the pandemic.**

America's Essential Hospitals is the leading champion for hospitals and health systems dedicated to high-quality care for all, including the vulnerable. Our more than 300 member hospitals fill a vital role in their communities. They provide a disproportionate share of the nation's uncompensated care, and three-quarters of their patients are uninsured or covered by Medicare or Medicaid. Our members provide state-of-the-art, patient-centered care while operating on margins one-fifth that of other hospitals—1.6 percent on average compared with 7.8 percent for all hospitals nationwide.¹ It goes without saying that these figures demonstrate the challenges essential hospitals faced before the current COVID-19 crisis and their financial future is bleak as they respond to this evolving and costly public health battle.

¹ Clark D, Roberson B, Ramiah K. *Essential Data: Our Hospitals, Our Patients—Results of America's Essential Hospitals 2017 Annual Member Characteristics Survey*. America's Essential Hospitals. April 2019. <https://essentialdata.info>. Accessed March 17, 2020.

Essential hospitals are the nation's safety net. Even with financial constraints, they continue to take extraordinary steps to respond to the COVID-19 pandemic. These necessary steps come with disruptions to daily operations and a significant price tag. Current examples from essential hospitals around the country include:

- constructing temporary spaces, converting other areas, or readying vacant buildings on their campuses to diagnose and treat COVID-19 patients;
- canceling planned surgical cases to increase capacity for COVID-19 cases and to ration surgical supplies, forgoing a critical revenue source for hospitals that rely on government payers;
- shutting down clinical units due to lack of available staff;
- hiring contract workers to fill front-line positions when caregivers are quarantined after COVID-19 exposure;
- ensuring adequate stock of personal protective equipment and other supplies to protect those treating COVID-19 cases;
- investing in lifesaving equipment, such as ventilators;
- accounting for large numbers of patient cancellations for outpatient appointments and planned procedures resulting from social distancing practices; and
- rapidly implementing telehealth infrastructures to meet the continued health needs of their patients.

Today, essential hospitals face the challenge of having limited cash on hand, while costs related to COVID-19 continue to rise and revenues decrease. To succeed in mitigating the spread of the outbreak, testing all patients in need, and providing appropriate treatment for COVID-19, essential hospitals need **rapid** financial relief and support.

We call on HHS to design a mechanism to distribute Public Health and Social Services Emergency Fund dollars, and any other funds to be disbursed at the agency's discretion, to target and prioritize essential hospitals faced with these challenges:

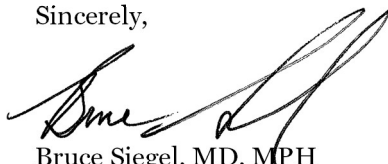
- ***Hospitals with limited cash on hand and serving vulnerable communities and complex patients.*** Essential hospitals face everyday challenges due to their missions and limited resources. With their narrow margins, these hospitals have limited cash on hand to support operations and meet payroll. Several essential hospitals have **less than 10 days cash** on hand. Essential hospitals' diverse patient mix and mission-driven commitment to serve all people, regardless of income or insurance status compound essential hospitals' challenges and strain their limited resources. As such, preparing for or absorbing surges in COVID-19 cases has a disproportionate impact on essential hospitals. These hospitals need relief to ensure vulnerable patient populations have access to needed care throughout this pandemic and the needs of their employees are met in the middle of this pandemic.
- ***Hospitals currently severely impacted by COVID-19 patients.*** Several essential hospitals are in areas that are struggling with the rapid spread of COVID-19 diagnoses, as well as suspected cases. Faced with an increasing number of affected patients, these hospitals are at risk of being overwhelmed. Relief must be targeted to these hospitals so they can continue to treat patients and have the resources to mitigate further spread of the virus.

- ***Hospitals reducing other functions in their system to prepare for and focus on COVID-19 patients.*** Some essential hospitals reduced other services within their health system or campus to have the capacity for treating COVID-19 patients. In addition to lost revenues from planned surgeries and other services, these hospitals are stretching already thin resources as they prepare for and treat patients with COVID-19. These hospitals need relief to continue to provide this vital care and be ready for potential patient surges, ultimately protecting their communities from further spread.
- ***Hospitals reducing services to prepare for COVID-19 patients.*** Other essential hospitals have taken steps to prepare for potential COVID-19 patients by reducing other services in their system. They are working with their communities to address testing challenges and stand ready to respond to any potential outbreaks in their communities. Without planned surgeries and other services, these hospitals are facing lost revenues and need relief to keep their doors open.

Members of America's Essentials Hospitals are relied on by the communities and people they serve. Without rapid relief, the COVID-19 pandemic threatens to overwhelm the nation's safety-net at a time when essential hospitals are most needed. **HHS must ensure the vital dollars appropriated for the COVID-19 pandemic are targeted to the essential hospitals on the front lines of this crisis.**

We look forward to continued engagement and partnership to successfully mitigate the COVID-19 outbreak. If you have questions, please contact Senior Director of Policy Erin O'Malley at 202-585-0127 or eomalley@essentialhospitals.org.

Sincerely,



Bruce Siegel, MD, MPH
President and CEO