TARGET COVID-19 PROVIDER RELIEF FUNDS TO ESSENTIAL HOSPITALS

COVID-19 is a global pandemic of unknown scope and duration, and essential hospitals are on its front lines. Our members serve the hardest-hit communities and care for people at greatest risk—for example, essential workers in grocery stores and public transportation, people in crowded housing, and those with complex medical conditions. There also is growing evidence of higher COVID-19 incidence and mortality rates among racial and ethnic minorities.

Essential hospitals have taken extraordinary steps to prepare, test, and provide treatment for the surge of infected patients. But the sudden and costly disruption to daily hospital operations that comes from being a community’s primary—sometimes only—medical provider has caused unprecedented hardships.

Congress quickly recognized the critical need for emergency funding for hospitals and providers responding to COVID-19. Lawmakers authorized $100 billion for the Public Health and Social Services Emergency Fund, known as the Provider Relief Fund, in the Coronavirus Aid, Relief, and Economic Security (CARES) Act and an additional $75 billion in the Paycheck Protection Program and Health Care Enhancement Act. This pool of funding is designated to aid hospitals and other providers incurring significant expenses and lost revenue due to COVID-19.

But the Department of Health and Human Services (HHS) distribution methodology disadvantages hospitals that serve large volumes of Medicaid and low-income patients, allocating a smaller share of Provider Relief Fund payments to hospitals most burdened by this pandemic.

PAYMENTS NOT BENEFITING HOSPITALS MOST IN NEED
The Provider Relief Fund is a desperately needed financial lifeline for essential hospitals, the backbone of our nation’s health care safety net. However, HHS’ decision to disburse the first $50 billion of emergency funds based on net patient revenue shortchanges hospitals that serve high numbers of Medicaid and low-income patients. These hospitals have few commercially insured patients and primarily depend on government payers. They struggle with high uncompensated care costs and lower revenue than other hospitals. The COVID-19 outbreak forced hospitals immediately to suspend most planned procedures and assume substantial preparation and treatment costs.

For hospitals with already slim financial margins, these challenges are untenable. The current HHS metric to deliver financial relief is an imperfect solution. Essential hospitals so far have seen modest relief for only a portion of lost revenue and costs related to COVID-19.

“At the end of the day, not all hospitals are created equal. If you were sitting on a year of … cash on hand, that would not be as challenging, but most safety-net hospitals are south of 25 days, and we’re probably around 10. How do you manage through that?”

—Truman Medical Centers President and CEO Charlie Shields, in April 27 Washington Post interview

CONGRESSIONAL ACTION NEEDED
Essential hospitals ensure all people, regardless of background or ability to pay, have access to high-quality medical care during this public health crisis, all while operating with very limited means (see “National Operating Margins,” next page).

Because of this commitment, our member hospitals face the distressing prospect of seeing their already thin cash reserves dwindle as they respond to a potential surge of COVID-19 patients while simultaneously shutting off their modest revenue streams.
The public health and economic impact of this crisis cannot be overstated. Members of Congress acted with urgency in a bipartisan manner to appropriate emergency funding to sustain health care providers’ response efforts. Essential hospitals ask Congress again to act to ensure the stability of America’s health care safety net. America’s Essential Hospitals urges Congress to direct HHS to allocate $20 billion of the Provider Relief Fund to essential hospitals—those serving vulnerable communities and complex patients.

End Notes

