



AMERICA'S ESSENTIAL HOSPITALS

July 30, 2020

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

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
Washington, DC 20515

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

On behalf of our more than 300 members, America's Essential Hospitals thanks you for your work to support hospitals and health care providers amid the COVID-19 pandemic. The Senate and House of Representatives advanced important and necessary measures to ensure individuals and communities have access to the health care services they need.

Essential hospitals serve patients and communities most at risk during this unprecedented public health crisis. Our hospitals care for vulnerable patients in the areas hardest hit by the COVID-19 pandemic, where socioeconomic challenges—such as homelessness, food insecurity, and poverty—have contributed to poorer health outcomes. Further, essential hospitals see a high number of patients of color, with more than half of discharges made up of racial and ethnic minorities in 2018. Because of the unique needs of their communities, our member hospitals continue to shoulder the brunt of the pandemic while operating under strained financial circumstances.

We appreciate the continued bipartisan commitment to provide relief for essential hospitals through the next COVID-19 supplemental bill. To this end, we applaud the liability protections for health care providers and telehealth flexibility extensions included in the Health, Economic Assistance, Liability Protection and Schools (HEALS) Act and the \$100 billion appropriation to replenish the Provider Relief Fund in the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act. These are critical needs and must be included in the final relief package.

As negotiations continue, we urge you to swiftly provide additional support for essential hospitals by including these four priorities:

- **Replenish the Provider Relief Fund and ensure adequate funding for hospitals serving a safety-net role.** While we appreciate the \$25 billion allotted to the relief fund in the HEALS Act, more help is needed. We request that Congress provide an additional \$100 billion to the fund, consistent with the HEROES Act. We also ask Congress to

- direct future Provider Relief Fund disbursements to hospitals with high Medicaid and low-income patient volumes;
- **Block implementation of the Medicaid Fiscal Accountability Regulation (MFAR).** COVID-19 has severely damaged economic and public health infrastructure in states across the country. Millions of Americans have lost their jobs and access to health care coverage and are enrolling in the Medicaid program, or forgoing coverage entirely. Declining revenue is placing an enormous strain on state budgets and critical programs, like Medicaid. Considering these circumstances, now is not the time to follow through on proposals to cut Medicaid funding for states and providers. We urge Congress to block the implementation of the damaging MFAR for at least two years after the public health emergency is lifted;
 - **Cancel impending cuts to Medicaid disproportionate share hospital (DSH) payments.** Congress should cancel the impending reductions to Medicaid DSH funding for fiscal years 2021 and 2022. In addition, lawmakers should temporarily increase Medicaid DSH state allotments by at least 3 percent while simultaneously directing CMS to create temporary Medicaid Section 1115 demonstration waivers and expedite rulemaking to increase upper payment limits and hospital-specific Medicaid DSH limits. Again, a stable Medicaid program is absolutely imperative to combatting the public health emergency and ensuring services to the most vulnerable; and
 - **Provide relief for Medicare Accelerated and Advance Payment (AAP) Program loans.** Essential hospitals, eager for resources to prepare for and respond to the COVID-19 outbreak, quickly took advantage of Medicare accelerated and advance payments as an immediate financial lifeline despite less-than-optimal terms and conditions. We applaud the provisions in the HEALS Act that extend the repayment timeline for AAP loans; however, the excessive 10.25 percent interest rate is unacceptable. We ask Congress to extend the repayment timeline and significantly reduce the interest rate, similar to the 1 percent proposal in the HEROES Act.

Essential hospitals operate under difficult financial circumstances while caring for the most complex and vulnerable patients. They rely on a patchwork of support across all levels of government to subsidize their safety-net mission. Additional federal support for essential hospitals is critical in maintaining access to services until they regain their financial footing.

Beyond the priorities outlined above, we urge Congress to take additional steps to support hospitals on the front lines of the health care safety net by:

- preserving eligibility for the 340B Drug Pricing Program;
- extending COVID-19 payroll tax credits to public hospitals;
- temporarily increasing to 12 percent federal funding to states through the Federal Medicaid Assistance Percentage (FMAP);
- extending through 2021 Section 1115 Medicaid waivers scheduled to expire on or before December 31, 2020;
- supporting front-line caregivers with hazard pay and bolstering the health care workforce; and
- strengthening data collection and reporting requirements on the disproportionate impact of COVID-19 on racial and ethnic minorities.

Thank you for your continued recognition of the unique challenges faced by essential hospitals. We look forward to working with lawmakers in both chambers of Congress to ensure safety-net providers receive the support they need.

If you have any questions, please contact Vice President of Legislative Affairs Carlos Jackson at 202-585-0112 or cjackson@essentialhospitals.org.

Sincerely,

Bruce Siegel, MD, MPH
President and CEO