



AMERICA'S ESSENTIAL HOSPITALS

August 24, 2021

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

Dear Secretary Becerra:

America's Essential Hospitals appreciates the leadership of the Department of Health and Human Services (HHS) in confronting COVID-19 and tackling health inequities brought to the fore by the pandemic. With the highly contagious delta variant becoming the predominant strain of the SARS-CoV-2 virus, essential hospitals nationwide are straining under the overwhelming demand the variant has created and the pressures it has placed on their staff. As providers continue to invest significant resources into COVID-19 prevention and response, and deal with challenges such as critical staff shortages, it is critical that HHS take swift and decisive steps to allocate the remaining funds in the Provider Relief Fund (PRF). We also urge HHS to take other critical steps to bolster the response to the pandemic, including expediting full approval of the COVID-19 vaccine, shoring up the nation's supply chain, and helping direct federal staffing assistance to states and hospitals with workforce shortages. Swift adoption of these recommendations will ensure the stability of the nation's health care safety net as COVID-19 cases continue to spike.

America's Essential Hospitals is the leading champion for hospitals and health systems dedicated to high-quality care for all, including underrepresented people and underserved communities. 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. Essential hospitals provide state-of-the-art, patient-centered care while operating on margins one-third that of other hospitals—2.9 percent on average compared with 8.8 percent for all hospitals nationwide.¹

Essential hospitals' tight operating margins result in minimal reserves and low cash on hand, with many essential hospitals struggling to make payroll. The difficulties associated with these narrow margins have been compounded by the strain on hospital finances and staff associated with responding to the pandemic, as they experience unsustainable increases in COVID-19 admissions and intensive care units (ICUs) approaching or exceeding full occupancy. Compounding these capacity limitations are the shortage of health care staff, particularly nurses, and the high costs associated with hiring and retaining them. Many essential hospitals

¹ Clark D, Roberson B, Ramiah K. *Essential Data: Our Hospitals, Our Patients—Results of America's Essential Hospitals 2019 Annual Member Characteristics Survey*. America's Essential Hospitals. May 2021. <https://essentialdata.info>. Accessed August 18, 2021.

have hundreds of nursing vacancies at any given time, and, with the high demand, they are competing with other hospitals to recruit nurses even on short-term contracts. Further, the COVID-19 pandemic hit the patients and communities served by essential hospitals particularly hard—especially people of color, who constitute more than half of essential hospitals’ discharges.² COVID-19 also is detrimental to those with underlying health conditions; our member hospitals serve a disproportionate number of people facing social risk factors and compounding health issues, putting our members’ patients most at risk.

Essential hospitals continue to make substantial investments to maintain capacity for treating COVID-19 patients and lead vaccination efforts in their communities. Essential hospitals were some of the first providers to vaccinate health care workers and the general public; their efforts have included procuring adequate supplies of vaccines, setting up appropriate vaccine storage capabilities, establishing mass and drive-through vaccination clinics, and hiring staff to administer vaccines.

However, vaccine acceptance remains inconsistent across the country, with higher rates in some facilities and varied use of mandates by health care employers. Most recently, America’s Essential Hospitals called for its member hospitals to require their employees be vaccinated.³ We have also continued to engage with the Biden administration and its leaders on the White House COVID-19 Task Force, including Bechara Choucair, MD, the COVID-19 vaccination coordinator. Sustained efforts by essential hospitals in vaccination rollout and education campaigns will be critical to ensuring the nation’s underserved communities are vaccinated.

Considering the tenuous financial situation of essential hospitals and the difficulty they are having in hiring and recruiting staff from a highly competitive marketplace, it will be critical for HHS to rapidly direct more funds to hospitals most in need. While we appreciate distributions made through the general and targeted PRF distributions to date, many essential hospitals received minimal funds from general distributions tied to Medicare or total revenues, and others were left out of targeted distributions altogether. Today, many essential hospitals continue to struggle with financial challenges related to COVID-19. **We urge HHS to take the steps outlined below to ensure essential hospitals receive much-needed relief and are equipped for their central role in the continued response to the pandemic.**

- 1. HHS should swiftly allocate the remaining PRF funds and issue a targeted distribution to hospitals that serve racial and ethnic minorities and low-income populations.**

The year-end COVID-19 relief and appropriations bill allocated an additional \$3 billion to the PRF, bringing the total pool to \$178 billion. To date, according to the data provided on HRSA’s PRF website and by the Government Accountability Office, nearly \$44 billion in unallocated funds remain in the PRF.⁴ Also, according to the year-end bill, 85 percent of these unallocated funds must be distributed through an application-based process. **We urge HHS to swiftly open the application process to direct these funds to providers in need.**

² Ibid.

³ America’s Essential Hospitals Urges Members to Require Employee Vaccination. America’s Essential Hospitals. July 21, 2021. <https://essentialhospitals.org/general/americas-essential-hospitals-urges-members-require-employee-vaccination/>. Accessed Aug. 18, 2021.

⁴ Government Accountability Office (GAO). *COVID-19: Continued Attention Needed to Enhance Federal Preparedness, Response, Service Delivery, and Program Integrity*. July 19, 2021. <https://www.gao.gov/products/gao-21-551>. Accessed Aug. 18, 2021.

In addition to opening the application process, HHS should issue a targeted distribution from the remaining funds to hospitals treating racial and ethnic minorities and low-income populations. We appreciate that HHS, in last year's two safety net allocations, recognized the critical role these providers play in the nation's COVID-19 response. However, we remain concerned that, more than a year after these distributions, many essential hospitals serving large numbers of underserved patients and under immense financial pressure still struggle financially. Hospital ICUs, particularly in states with lagging vaccination rates, are approaching or exceeding capacity, with COVID-19 case rates rivaling those during the surge in the winter months. Hospitals in Alabama, for example, have run out of ICU beds, with 29 more patients in need of ICU care than the number of beds available.⁵ These providers are in dire need of additional funding, which will go a long way in bolstering their COVID-19 response and allowing them to continue vaccination efforts in underserved communities, which are disproportionately affected by COVID-19. **We urge HHS to distribute funds through an additional targeted distribution to these hospitals filling a safety net role.**⁶

2. HHS should take steps to ensure essential hospitals are adequately staffed to respond to the pandemic.

Essential hospitals across the country continue to incur high costs in hiring and maintaining staff to respond to COVID-19. The pressures of the pandemic have led to staff burnout and required essential hospitals to expend significant resources to recruit and retain external medical staff, which is a costly undertaking considering the competitive marketplace for health care workers during the pandemic. As a result of being understaffed, essential hospitals are seeing increased costs associated with hiring bonuses, retention bonuses, and increased salaries to recruit and retain nurses in short supply. Hospitals nationwide have felt the difficulties associated with filling staff vacancies; hospitals in Florida, Arkansas, and Texas are understaffed by hundreds of nurses.⁷ The distribution of additional PRF funds will be critical to covering the additional expense of recruiting and retaining these nurses who are assisting in the COVID-19 response.

HHS also can work with other government agencies to approve requests for personnel requests in a timely manner. HHS, in cooperation with the Federal Emergency Management Agency, assists state, tribal, and territorial governments with requests for medical staff. Given the renewed strains of medical personnel due to the increases in COVID-19 cases and emerging variants, **we urge HHS to expedite approval of states' requests for direct federal assistance for additional medical staff.**

3. To encourage uptake of the COVID-19 vaccine, HHS should expedite full approval of the COVID-19 vaccines and provide recommendations and

⁵ Hernandez, Joe. NPR. Alabama Hospitals Have Run Out of ICU Beds as COVID-19 Cases Surge. August 19, 2021. <https://www.npr.org/2021/08/19/1029260134/alabama-hospitals-icu-beds>. Accessed Aug. 19, 2021.

⁶ In previous letters to the agency, America's Essential Hospitals has outlined a methodology that would build on the methodology used in previous safety-net distributions and capture hospitals serving low-income and uninsured patients. See, e.g., letter from Bruce Siegel, America's Essential Hospitals, to HHS Secretary Xavier Becerra. June 15, 2021. <https://essentialhospitals.org/wp-content/uploads/2021/06/FINAL-AEH-Letter-to-HHS-PRF-6-14-21-for-archive.pdf>. Accessed Aug. 18, 2021.

⁷ Goldstein, Amy. *The Washington Post*. Hospitals struggle with staff shortages in coronavirus hotspots. Aug. 12, 2021. https://www.washingtonpost.com/health/staff-shortages-hospitals-covid/2021/08/12/85f636b4-fa97-11eb-8a67-f14cd1d28e47_story.html. Accessed Aug. 20, 2021.

resources to essential hospitals for the administration of additional doses of the COVID-19 vaccines to ensure equity and access.

Essential hospitals continue to educate staff and their communities about the importance of vaccination in the fight against COVID-19, particularly given the rise of cases tied to the delta variant. However, a subset of the population remains vaccine hesitant. Research tracking the public's attitudes and experiences with COVID-19 vaccinations reveals that full approval from the Food and Drug Administration (FDA) could persuade those in the "wait and see" group to get vaccinated.⁸ Additionally, FDA full approval could facilitate the widespread adoption of mandatory vaccination policies by public and private employers, making it easier and more convenient to access the vaccine. We are pleased to see the FDA's full approval August 23 of the Pfizer-BioNTech COVID-19 vaccine for those ages 16 and older. **We encourage HHS to work with the FDA to expedite full approval of the Moderna and Janssen COVID-19 vaccines currently authorized for emergency use.**

Additionally, there is a need for immediate guidance related to the administration of additional COVID-19 vaccine doses. The administration outlined a plan for booster shots of Pfizer and Moderna vaccines for much of the American public beginning September 20.⁹ This plan is contingent upon approval of additional doses by the FDA and recommendations from the Centers for Disease Control and Prevention (CDC)'s Advisory Committee on Immunization Practices. **We urge HHS to work with the FDA and CDC to expedite approval and recommendations related to additional vaccine doses for the general public.**

Essential hospitals worked tirelessly during the initial vaccine rollout to deliver doses to front-line workers, the elderly, and the most vulnerable at high risk for severe illness. However, disparities in initial access to the COVID-19 vaccine highlighted the urgent need to address health inequities in the United States. **We urge HHS to work with states and providers to ensure an equity-based national strategy in the planning for and administration of additional doses of COVID-19 vaccines.** This includes directing supply to providers, such as essential hospitals, that can reach into the communities they serve and encourage access for low-income and vulnerable people. Building the infrastructure and processes and providing support needed to administer additional vaccine doses are tasks we must undertake now.

4. HHS should ensure the nation's supply chain is adequately stocked with crucial supplies such as personal protective equipment and ventilators.

The Strategic National Stockpile (SNS), within HHS' Office of the Assistant Secretary for Preparedness and Response, has served a role in our country's COVID-19 response by deploying critical supplies, such as personal protective equipment and ventilators. The federal government activated the SNS early in the pandemic to fill states' gaps in COVID-19 medical supplies and materials. This support was not only helpful, but necessary at a time when hospitals were overwhelmed by COVID-19 cases. As essential hospitals again face surge in areas with low vaccination rates and high prevalence of the delta variant, **we urge HHS to ensure**

⁸ Kaiser Family Foundation COVID-19 Vaccine Monitor: June 2021. <https://www.kff.org/coronavirus-covid-19/poll-finding/kff-covid-19-vaccine-monitor-june-2021/>. Accessed Aug. 18, 2021.

⁹ U.S. Department of Health and Human Services. Joint Statement from HHS Public Health and Medical Experts on COVID-19 Booster Shots. August 18, 2021. <https://www.hhs.gov/about/news/2021/08/18/joint-statement-hhs-public-health-and-medical-experts-covid-19-booster-shots.html>. Accessed Aug. 23, 2021.

that the SNS can handle not only smaller requests from states experiencing surge, but also the potential for large-scale outbreaks.

We look forward to continued engagement and partnership in responding to COVID-19. 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