



# AMERICA'S ESSENTIAL HOSPITALS

June 29, 2022

The Honorable Charles E. Schumer  
Majority Leader  
U.S. Senate  
Washington, DC 20510

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

Dear Leader Schumer and Speaker Pelosi:

America's Essential Hospitals applauds your resolve and continued leadership to invest in human infrastructure through reconciliation. As the nation's leading champion for hospitals that provide a disproportionate share of the nation's uncompensated care, we support your diligent work. It is imperative these efforts bear fruit: legislation President Joe Biden signs.

Specifically, we appreciate your work to close the health care coverage gap by bolstering the Affordable Care Act, making the Children's Health Insurance Program permanent, and improving and expanding Medicaid coverage.

We also share your commitment to improving health equity, combating structural racism, and reducing health disparities. In that vein, we support including provisions to strengthen the nation's public health infrastructure, advance maternal health, fund grants to institutions serving underrepresented populations, and bolster diversity and resiliency in our nation's health care workforce.

Essential hospitals are distinguished by their mission and scope of services. We represent more than 300 nonprofit, mission-driven institutions that provide state-of-the-art, patient-centered care while operating on margins a third that of other hospitals—2.9 percent on average compared with 8.8 percent for all hospitals nationwide.<sup>1</sup> Three-quarters of essential hospital patients are covered by Medicare or Medicaid or are uninsured. Despite profound financial challenges during the pandemic, essential hospitals have remained on the front lines, screening, testing, and treating COVID-19 patients. These hospitals were among the first providers to vaccinate health care workers and the public.

Essential hospitals, by virtue of their very mission and the diverse communities they serve, are experts in addressing social determinants of health and advancing health equity. This expertise stems from essential hospitals' firsthand experience witnessing and confronting the effects of structural racism and how it routinely disadvantages and produces cumulative and chronic adverse outcomes for people of color. Racial and ethnic minorities made up half of member

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<sup>1</sup> 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 June 15, 2022.

discharges in 2019. A disproportionate number of essential hospitals' patients face sociodemographic challenges to accessing care, including homelessness, language barriers, and low health literacy. The communities essential hospitals serve are estimated to have about 22.3 million people who live below the federal poverty line, 370,000 individuals experiencing homelessness, and nearly 10 million people experiencing food insecurity.<sup>2</sup>

As essential hospitals, our members are committed to ending health disparities and providing high-quality care to all, including underrepresented and marginalized populations. But the challenges they face, including financial instability from payment shortfalls and skyrocketing costs, can hamper their ability to sustain this critical work. Essential hospitals are chronically underfunded, due to a smaller share of commercially insured patients than at other hospitals; a high level of uninsured patients and patients insured by public payers; a disproportionately high amount of uncompensated care; and volatility of the disparate payment sources on which they rely, among other factors.

To that end, we respectfully request additional assistance as part of reconciliation. Previous draft versions of the reconciliation legislation included funding under the Hill-Burton Act to provide a \$10 billion investment in infrastructure for safety net hospitals. Such an investment would allow for much-needed improvements and modernization at institutions whose physical shortcomings have been spotlighted during the pandemic. To further our shared goals of tackling health disparities and promoting health equity, it is imperative essential hospitals have access to capital and opportunities for longer-term investments. This \$10 billion in infrastructure funding would provide those opportunities and help ensure essential hospitals are better prepared for future public health emergencies.

To address immediate COVID-19–related challenges, we request you also include \$7 billion in targeted funding for safety net hospitals. Although cases are declining nationwide, our hospitals have not recuperated financially from the effects of the pandemic and still need additional resources to help them serve their communities. Patient volumes at many essential hospitals are not back to pre-COVID levels. Further, safety net hospitals continue to go above and beyond by realigning capacity and suspending elective procedures to accommodate more COVID-19 patients; distributing vaccines through innovative programs to overcome hesitancy, including among historically underrepresented populations; and providing telehealth services to patients. This was especially true as the delta and omicron variants swept through the country in the fall of 2021 and early winter of 2022, and no federal funding has been allocated to address these waves.

Perhaps most concerning, workforce costs continue to soar and are expected to continue at these levels. One safety net hospital reported a \$41 million shortfall already for 2022. Another hospital expects an \$80 million shortfall this year due to unbudgeted workforce costs. Yet another hospital shared that its staffing costs have increased by 300 percent in the past six months. Safety net funding relief could help overcome critical workforce shortages and keep hospitals' doors open in the short term, as lawmakers continue to work on a longer-term solution to the health care workforce crisis to ensure a stable safety net for years to come.

Again, we want to underscore our gratitude for your ongoing efforts to improve our nation's human infrastructure and your aim to expand health coverage and combat health disparities, including those caused by structural racism. We commit to partnering with you on these efforts.

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<sup>2</sup> Ibid.

We also thank you for your consideration of our request to target much-needed resources to safety net hospitals and at-risk communities.

If you have questions, please contact Vice President of Legislative Affairs Jason Pray at 202-585-0112 or [jpray@essentialhospitals.org](mailto:jpray@essentialhospitals.org).

Sincerely,



Bruce Siegel, MD, MPH  
President and CEO

Cc: The Honorable Ron Wyden, Chair of the Senate Finance Committee  
The Honorable Patty Murray, Chair of the Senate Committee on Health, Education, Labor and Pensions  
The Honorable Frank Pallone Jr., Chair of the House Energy and Commerce Committee  
The Honorable Richie Neal, Chair of the House Committee on Ways and Means  
The Honorable Bobby Scott, Chair of the House Committee on Education and Labor