

January 20, 2022

The Honorable Charles E. Schumer
Majority Leader
United States Senate
Washington, DC 20510

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

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

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
Washington, DC 20515

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

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, our clinical partners – including more than 270,000 affiliated physicians, 2 million nurses and other caregivers – and the 43,000 health care leaders who belong to our professional membership groups, the American Hospital Association (AHA) thanks Congress for their efforts in helping hospitals and health systems serve their communities during this unprecedented public health crisis.

Since the start of the COVID-19 pandemic, hospitals and health systems – and their steadfast teams – have stood strong on the front lines. Their courage and compassion have been and continue to be incredible and inspiring. Unfortunately, the relentless and crushing workload on our stressed, tired and burned-out caregivers persists, and in many places, is increasing.

As part of negotiations surrounding an omnibus budget agreement, we are now in need of additional immediate support from Congress and the Administration in order to continue standing strong and to be able to provide timely access to life-saving health care to your constituents. The current surge has impacted hospitals in ways not seen previously:

- COVID-19 hospitalizations are unquestionably spiking right now. As of Jan. 13, 2022, the average number of daily COVID-19 hospital inpatients had increased 35% compared to the prior week. The average number of daily adult intensive care unit (ICU) COVID-19 patients increased 21%.¹

¹ <https://beta.healthdata.gov/Health/COVID-19-Community-Profile-Report/gqxm-d9w9>



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- Throughout the pandemic, hospitalization surges have lagged several weeks behind total case surges. So this recent increase in hospitalizations comes several weeks after case rates began increasing. And, in fact, total and ICU hospitalizations will continue to increase for several weeks after the peak of this surge, which has not yet occurred.

During the past two years, hospitals and health systems have relied on relief provided through the Provider Relief Fund (PRF), temporary elimination of the Medicare sequester cuts and other important provisions. In addition to those continuing needs, we now need additional support to bolster our stressed and strained workforce.

We provide specific details below on important programs to assist hospitals and health systems and the courageous staff who work there. We look forward to working with you on the continuing needs of hospitals and health systems and the patients and communities they serve.

PROVIDER RELIEF FUND

At the outset of the pandemic, Congress established the PRF, which was intended to help health care providers mitigate their financial losses and meet the unique challenges that affected the communities they serve. To date, there have been more than 65 million cases of COVID-19 in the U.S. and more than 850,000 deaths. The PRF is comprised of \$178 billion allocated to all providers, and there is an additional, separate \$8.5 billion targeted to rural providers. Most of these funds have been disbursed through several tranches and targeted payments with strict guardrails as to how and in what timeframe they could be used.

While the PRF has been a lifeline for health care providers, **no distributions from the PRF have been made or announced for expenses related to the delta or omicron variant surges**, despite steep increases in cases, hospitalizations and deaths. The lack of PRF dollars to address issues wrought by the delta and omicron surges has left many hospitals facing overwhelming financial and operational challenges. Compounding this issue has been uncertainty and confusion around the federal rules for previously allotted PRF funding that have hindered many providers from using the funds within the allotted timeframes.

We ask that Congress urge the Administration to immediately distribute and account for the remaining funds in the PRF, including extending the deadline for spending funds and allowing the funds to be used for expenses associated with additional security measures and training to allow each of our nation's hospitals to overcome its unique challenges.

Additionally, we ask that Congress provide additional PRF dollars in the amount of \$25 billion to health care providers who continue to have lost revenues and increased expenses due to the tremendous financial strain that the delta and omicron variant are causing.

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MEDICARE SEQUESTER RELIEF

The AHA appreciates that Congress, as recently as December, has on a bipartisan basis, halted harmful and imminent Medicare cuts to hospitals and physicians by eliminating a 2% Medicare reduction until April 2022 and then lowering the cut to 1% for an additional three months. The pandemic has put severe financial pressure on hospitals, including, but not limited to: higher expenses for labor, drugs and supplies; the astronomical costs of preparing for a surge of COVID-19 patients; months of essential hospital revenue being erased due to the combination of a forced shutdown and slowdown of regular operations for non-emergent care; and the high cost of treating COVID-19 cases, which tend to be incredibly resource intensive.

Now is not the time to be reducing payments to hospitals. We ask that you extend the Medicare sequester relief until the end of the COVID-19 public health emergency or Dec. 31, 2022, whichever is later.

MEDICARE ACCELERATED AND ADVANCE PAYMENTS

In March 2020, both the Centers for Medicare & Medicaid Services (CMS) and Congress made changes to the existing Accelerated and Advance Payments Programs to provide additional benefits and flexibilities due to the COVID-19 pandemic. Subsequently, Congress amended the repayment terms for all providers and suppliers who requested and received accelerated and advance payment(s) during the COVID-19 public health emergency.

These payments have served as a critical lifeline to hospitals and health systems, providing crucial funding to support the front-line heroes treating patients, build new sites of care to minimize the spread of the virus, and purchase the ventilators, drugs and supplies to care for the critically ill. However, the requirement to repay these funds places hospitals and health systems back in financial jeopardy while they work to recover from this unprecedented pandemic. **We ask that Congress suspend repayments for six months and allow for recoupment after the repayment suspension at 25% of Medicare claims payments for the following 12 months.**

340B HOSPITAL ELIGIBILITY

The COVID-19 pandemic has altered hospitals' payer mix, which for some hospitals has temporarily lowered their disproportionate share hospital (DSH) percentage. These changes have unfortunately threatened the ability of some hospitals to maintain their eligibility for the 340B Drug Pricing Program – a vital program that allows participating hospitals to stretch their resources to provide comprehensive services to their patients.

Congress should act to ensure that 340B hospitals participating in the program who may have experienced changes to their DSH adjustment percentage in fiscal year 2020 or fiscal year 2021 due to the COVID-19 pandemic retain their 340B eligibility. Hospitals

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should not be penalized by losing their 340B eligibility due to temporary payer mix changes that were a direct result of the COVID-19 pandemic. Instead, programs like 340B that provide critical resources to hospitals should be safeguarded while hospitals continue to be on the front lines of the pandemic.

We look forward to working with Congress as it debates an omnibus budget agreement to provide immediate and important assistance to our hospitals. In addition, we hope to work with Congress in a bipartisan way to address the workforce challenges that are straining our health care system and overwhelming our caregivers. We believe it is vitally important for our health care system to be supported in this evolving crisis, and we stand ready to work with you.

If you have any questions, please contact me or Lisa Kidder Hrobsky, AHA senior vice president of federal relations, advocacy, and political affairs, at lkidder@aha.org or 202-626-2244.

Sincerely,

/s/

Stacey Hughes
Executive Vice President