American Hospital Association™
Advancing Health in America

Washington, D.C. Office
800 10th Street, N.W.
Two CityCenter, Suite 400
Washington, DC 20001-4956
(202) 638-1100

May 15, 2025

Patrick Powers
Designated Federal Officer
FEMA Review Council
Office of Partnership and Engagement
Department of Homeland Security
2707 Martin Luther King Jr Ave. SE
Washington, DC 20032

Re: Docket No. DHS–2025–0013: Request for Public Input on Experiences with FEMA Disaster Responses (Vol. 90, No. 57), March 26, 2025.

Dear Mr. Powers:

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, and our clinician 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) appreciates the opportunity to comment on our members' experiences with the Federal Emergency Management Agency's (FEMA) disaster responses, in particular the FEMA Public Assistance (PA) program.

The resources provided by FEMA's PA program are critical to supporting America's hospitals and health systems during times of declared emergencies and disasters, and the AHA urges the agency to continue its commitment to this program. The PA program has played a vital role in helping health care providers respond to and recover from large-scale disasters and public health crises. Through its funding and technical support, hospitals can more effectively maintain essential services, restore critical infrastructure and ensure uninterrupted care for the communities they serve. For example, during recent natural disasters like Hurricanes Milton and Helene, hospitals and health systems experienced firsthand the profound impact of the PA program. The program helped reimburse hospitals and health systems for emergency protective measures, procure critical medical supplies, and fund contract labor and temporary facilities, all of which were essential in maintaining operational readiness and saving lives. The promise of support from the PA program enabled our members to respond quickly, knowing there would be assistance available to offset the financial burden of the

emergency response, and allowing them to focus on what hospitals and health systems do best: providing care.

However, despite the importance of the PA program, we have concerns about several of its shortcomings with respect to the distribution of funds related to the COVID-19 pandemic — particularly as demonstrated by the:

- More than $6.9 billion in hospital COVID-19 projects that have been approved for funding but not yet paid out by the state recipients.
- Nearly $1 billion in hospital COVID-19 projects that have been reviewed but have not yet been approved for funding.
- More than 1,000 hospital COVID-19 projects, estimated at $7.1 billion, that have been submitted for funding but have not yet been reviewed.

On behalf of our hospital and health system members, we briefly respond to the questions posed in this request for information.

Is FEMA's response timely and efficient to assist in your recovery? Is your overall interaction with FEMA positive or negative?

Many of our members are frustrated with the extremely slow pace of project processing and reimbursement, especially with respect to the COVID-19 public health emergency. Even though this emergency officially ended in 2023, as noted above, many claims have yet to be paid by FEMA. Hospitals and health systems have also expressed concerns about the extensive and often redundant administrative burdens imposed by FEMA's complex and multi-level review process.

A significant part of the delay related to COVID-19 applications is due to FEMA's duplication of benefits review conducted by its contractor, RAND. This primarily involves an evaluation of the contract labor costs incurred by hospitals during the pandemic. It has been well-documented that hospitals and health systems have had to rely extensively on higher-cost contracted clinicians, in addition to paying higher wages to attract and retain employed staff. Given the many patient surges caused by COVID-19 variants, hospitals and health systems had to retain temporary workers and take other measures, often for long periods. Many hospitals took the time to provide FEMA with detailed accounting data and other information to support their requests for PA funds related to patient care. They did so because their own accounting information correctly identifies the patient care dollars that were not duplicative of insurer or other payments made to the hospital during the pandemic. However, the RAND duplication of benefits review process often rejects these data and instead uses publicly available data to determine reimbursement amounts, which results in a substantial underpayment for these projects.

We strongly support FEMA's program integrity efforts. However, we are concerned that this review process, including the steps mentioned above, has been excessively lengthy

and opaque. As such, we urge you to take steps to ensure that RAND's review processes and timeframes are transparent and efficient to ensure that FEMA can both now and in the case of future emergencies distribute its disaster program funds in the most proper, timely and expedient fashion possible. We also encourage FEMA to work with RAND to better define what data submitted by a hospital for a particular event would be acceptable to demonstrate that there has not been any duplication of benefits.

What was your experience with the FEMA regional offices and the state emergency management recipients of the PA funding? Were they timely and efficient in their administration of your PA funds? Were your interactions positive or negative?

Hospitals and health systems have experienced delays in reimbursement even after FEMA approves a COVID-19 project's funding. Specifically, post-approval, the state emergency management agencies, which are the official recipients of the FEMA PA funds, do not always allow the actual drawdown of the payment promptly. We understand this is due to states' concerns that they may be forced to claw back the money they have distributed to hospitals if an audit is conducted and determines that funds were paid in error.

As noted above, there is currently $6.9 billion obligated and sent to the states awaiting distribution to hospitals and health systems. Indeed, some of the funds have been in this holding pattern for several years. These approved hospital projects reflect the unprecedented efforts and resources that hospitals and health systems expended to provide care and save lives during the pandemic. They also reflect the time- and resource-consuming efforts in which hospitals have been engaged with FEMA, FEMA regional offices, RAND and the state emergency management agencies to demonstrate through FEMA's own defined processes that their project funding meets the statutory and regulatory requirements of the Stafford Act.

Of particular concern is that FEMA PA leadership has told us that they cannot compel the state recipients to allow obligated funds to be drawn down by the subrecipients, even though FEMA has communicated that it has confidence in the comprehensive process it and RAND have established to ensure the funding is appropriate. This is unacceptable, and below we recommend steps to address this concern.

What recommendations would you like the FEMA Review Council to make?

The pandemic's financial impact lingers for many hospitals, in part due to the delay of approved and released reimbursements from FEMA for expenses incurred during the COVID-19 pandemic. To improve the ability of the FEMA PA program to meet its mission and obligations, we recommend that the council:

- Urge FEMA to immediately expedite the processing, obligation and reimbursement of outstanding applications for eligible expenses submitted by the nation's hospitals and health systems.

- Work to prevent these delays from occurring in future disasters and emergencies impacting health care providers. It should do this by urging FEMA to engage in a process with relevant stakeholders, such as the AHA, to improve the PA program with an emphasis on reducing administrative burden, developing a more transparent method for hospitals and health systems to track application progress, and increasing clarity around eligibility and reimbursement. Such enhancements will ensure that hospitals can fully and rapidly leverage FEMA's support when they require assistance with the application process.
- Urge the Department of Homeland Security to develop procedures that FEMA must use to ensure that state recipients pay approved funding expeditiously.
- Urge FEMA's Office of the Inspector General to conduct an audit of why some state recipients are withholding funds and provide options for recourse for the hospital subrecipients to challenge these decisions.

Hospitals play a vital role in caring for patients impacted by public health emergencies and disasters, while simultaneously continuing their broader mission of providing health care services to all who need them. In responding to the COVID-19 pandemic, hospitals incurred considerable additional operating costs as they expanded capacity (often in response to requests from state or local governments), purchased necessary equipment like ventilators, secured large amounts of supplies including personal protective equipment, and hired additional clinical staff to ensure capacity to care for their communities.

The AHA is proud of our hospitals and health systems' response to the COVID-19 crisis and every other emergency and disaster that strikes their communities. Improvements to the PA program, particularly expediting the receipt of already approved funds, will help them continue to respond to and recover from large-scale disasters and public health crises, and provide the highest-quality care for their communities.

We appreciate your consideration of these issues. Please contact me if you have questions, or feel free to have a member of your team contact Roslyne Schulman, AHA's director for policy, at rschulman@aha.org.

Sincerely,

/s/

Molly Smith
Group Vice President
Public Policy