



Private  
Essential  
Access  
Community  
Hospitals

California's Community Safety Net Hospitals  
Essential to Access, Essential to Health

June 12, 2020

The Honorable Alex Azar  
Secretary, Department of Health and Human Services  
200 Independence Avenue, S.W.  
Washington D.C. 20201

Dear Secretary Azar:

I am writing on behalf of Private Essential Access Community Hospitals (PEACH), an association dedicated to advancing policies and programs that ensure sustainability for California's private community safety-net hospitals, to express our dismay over how the Department of Health and Human Services (HHS) chose to distribute this week's round of CARES Act grants to safety-net hospitals.

Private safety-net hospitals, because they serve high proportions of Medicaid patients and low numbers of commercially insured patients, were severely underfunded by the first two general distributions of Provider Relief Fund grants because of the methodologies used to calculate those distributions. During the first four funding cycles, in fact, California's community safety-net hospitals received only 54 percent of what other California hospitals received on a per staffed bed basis and \$31,500 less per bed than other California hospitals.

To address this inequity we have asked HHS on several occasions in recent months to direct grants specifically to safety-net hospitals and therefore were pleased when such a distribution was announced earlier this week. Unfortunately, we were deeply disappointed by this week's distribution. The criteria used for determining eligibility for grants were deeply flawed and left far too many of California's true private community safety-net hospitals with no additional resources with which to serve their low-income, medically vulnerable communities as the COVID-19 public health emergency continues. Fewer than 15 percent of California's private community safety-net hospitals – we anticipate 12 out of 85 such hospitals designated as safety-net hospitals by the state – will receive any funding from this latest distribution. Meanwhile, it appears that many hospitals *not* designated safety-net hospitals by the state *will* receive money from this distribution – again, an outcome we find deeply troubling.

A few numbers support our assertion that these hospitals are true safety-net hospitals. California's private safety-net hospitals:

- provide nearly 40 percent of all Medi-Cal (Medicaid) inpatient care;
- provide more than 50 percent of all charity care provided by the state's safety-net hospitals;
- deliver two-thirds of all babies born in the state's safety-net hospitals;
- treat 65 percent of all substance abuse patients served by the state's safety-net hospitals; and
- treat nearly one out of every four Californians who turn to emergency departments and trauma centers.



These are not marginal hospitals; they are true safety-net hospitals, yet they were mostly overlooked in this week's distribution of CARES Act grants to safety-net hospitals.

PEACH respectfully request that you correct this oversight as soon as possible and create another round of CARES Act payments to safety-net hospitals. In this round, we recommend that you establish as the sole criterion for grants that hospitals be *deemed Medicaid DSH hospitals*. This measure, more than any other, truly identifies safety-net hospitals.

We appreciate everything you and your colleagues are doing to help hospitals during these most challenging of times and recognize how difficult it must be to develop appropriate criteria for the distribution of these scarce resources. The most recent decision about how to identify true safety-net hospitals was not successful, however, and we urge you to correct this problem and direct grants to these deserving hospitals as soon as possible.

Sincerely,

Anne McLeod  
President and CEO