



Private
Essential
Access
Community
Hospitals

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

February 3, 2021

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, D.C. 20515

Dear Speaker Pelosi:

Private Essential Access Community Hospitals (PEACH), a state-wide association representing California's private community safety-net hospitals, appreciates everything you have done, and continue to do, to help the predominantly low-income communities private safety-net hospitals serve during these especially challenging times. Now, as Congress considers additional COVID-19 relief legislation, we would like to bring to your attention five areas where federal assistance would better equip California's private safety-net hospitals to serve our large communities of low-income, uninsured, and underinsured residents who, recent months have shown, are especially vulnerable to COVID-19.

- ***More resources for the Provider Relief Fund.*** Many of California's private safety-net hospitals are losing millions of dollars a month between the extra costs associated with responding to COVID-19 – supplies, facility improvements, personal protective equipment, staffing, and more – and lost revenue that, even with the end of the suspension of non-urgent surgical procedures, has come nowhere near its pre-COVID levels. We urge you to designate additional resources for the Provider Relief Fund in your next COVID-19 relief bill.
- ***Additional targeted safety-net funding.*** The criteria the Department of Health and Human Services used last year to provide targeted funding to safety-net hospitals left out many high-volume Medicaid providers in states like California that expanded their Medicaid programs. PEACH urges Congress to ensure that the next COVID-19 relief bill includes additional targeted funding designated specifically for private safety-hospitals that did not receive such funding last year because of those criteria.
- ***Help with staffing.*** A growing number of California's private safety-net hospitals are having trouble staffing their facilities. Staffing agencies are luring well-paid nurses away from their long-time jobs with promises of unusually high compensation and then seek to lease those same nurses back to hospitals in the same community at multiples of two, three, or even four times those communities' established, respectable rates. California's private community safety-net hospitals cannot afford such premiums, leaving them short-staffed at a time when the patients they are serving need far more nursing assistance than the typical hospital patient. California's private safety-net hospitals need swift action to ensure that they remain adequately staffed and to prevent this from becoming a crisis.



- ***Extend the current moratorium on the Medicare sequestration.*** This moratorium has been invaluable to California's community safety-net hospitals, giving them additional resources they truly need, and we hope you will keep it in place until the public health emergency ends.
- ***Forgive loans made to safety-net hospitals under the Medicare Accelerated and Advance Payment Program.*** These loans have made the difference between life and death for many of California's community safety-net hospitals. It will take years for many of these hospitals to recover from the financial ravages COVID-19 has brought – and some of them may never fully recover. Requiring hospitals that at the start of this pandemic were already at a serious financial disadvantage and have only seen that disadvantage grow in recent months to repay these loans under such circumstances could hasten the ultimate demise of some of these hospitals and slow the return to financial equilibrium for others – and devastate the communities these providers serve in the process. Forgiving these loans would give these safety-net hospitals a fighting chance to continue serving their communities in the coming months and years.

We are most grateful that you fulfilled one of our urgent requests when, in the COVID-19 relief bill you passed late last year, you extended the delay on Medicaid disproportionate share allotment cuts (Medicaid DSH) through 2023. Thank you.

PEACH understands the enormity of the challenge you face as you look to expend taxpayer resources as wisely as possible at a time when the demands for such assistance are unprecedented. We believe the especially diverse communities California's private safety-net hospitals serve – low-income, uninsured or underinsured, unemployed at especially high rates, lacking prospects or alternatives for health care – should be at or near the top of your list of those to help and hope you will keep them in mind in the coming weeks as you consider the next steps in the federal government's response to COVID-19.

Sincerely,

Anne McLeod
President and CEO