



Private
Essential
Access
Community
Hospitals

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

July 7, 2020

The Honorable Mitch McConnell
Leader
United States Senate
Washington DC 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington DC 20510

Dear Leader McConnell and Minority Leader Schumer:

PEACH – Private Essential Access Community Hospitals of California – is most grateful for everything you and your colleagues are doing to help private safety-net hospitals like ours serve our communities during the biggest public health crisis our country has seen in more than 100 years. The programs and policies you have adopted have made a major difference, and for this we thank you.

With Congress considering additional COVID-19 and economic stimulus legislation, we would like to call to your attention a number of measures that would enable us to do our jobs more effectively.

First, please include in legislation later this month an additional \$100 billion for hospitals to help us fight COVID-19. The combination of the significant investments hospitals needed to make to serve their COVID-19 patients and the revenue they lost from suspending non-urgent procedures were especially challenging for California's private community safety-net hospitals, with their generally limited resources and small margins, and the assistance Congress has already provided has been invaluable. We need additional assistance, though, so we urge you to provide another \$100 billion, with the amount of assistance to be weighted based on the shares of Medicaid, Medicare, and commercially insured patients hospitals serve to ensure that the hospitals that care for the highest proportions of government-insured patients receive the additional assistance we need and believe we deserve.

Second, we seek legislation to prevent implementation of the Medicaid fiscal accountability regulation (MFAR) for the duration of the COVID-19 pandemic. If implemented, MFAR would deprive California of essential, established state policy-making prerogatives; create major new administrative burdens for our state government and hospitals; inappropriately regulate financing of the state share of Medicaid spending; and impose new, unspecified standards for which our Medicaid program would be held accountable.

Third, we urge you to include in the next COVID-19/economic stimulus bill an increase of 14 percentage points in the federal medical assistance percentage (FMAP) through June of 2021. Doing so would help ensure that California and other states have the resources they need to maintain their Medicaid programs; would help states like ours experiencing rising Medicaid enrollment because so many who lost their jobs as a result of the pandemic also lost their health insurance; and would help states mitigate increases in uncompensated care that private safety-net hospitals like ours expect to provide.



Fourth, we support increasing states' Medicaid disproportionate share (Medicaid DSH) allotments 2.5 percent. PEACH hospitals are caring for large numbers of patients while suffering unprecedented declines in revenue, and additional Medicaid DSH funding would help them address this challenge. We also urge you to include in future legislation a delay in the implementation of Affordable Care Act-mandated cuts in Medicaid DSH allotments to the states. Congress has graciously delayed this cut several times, with the most recent delay scheduled to end on November 30, and we urge you to delay again the Medicaid DSH allotment cut at the same time you increase those allotments.

Fifth, PEACH urges you to forgive the federal Medicare revenue advanced to hospitals through the CARES Act's Accelerated and Advance Payment Program. Because of the unprecedented length and persistence of this public health emergency, we believe many hospitals – especially safety-net hospitals like ours – will never recover the revenue we have lost in recent months. Most of these hospitals expect to be able to restore financial equilibrium, but they will not be able to do so if they have this enormous debt hanging over their heads.

Finally, we urge you to direct the Centers for Medicare & Medicaid Services to ensure continued eligibility for programs such as the 340B prescription drug discount program, indirect medical education, Medicare DSH, and others for current participants in those programs. The nature of the COVID-19 pandemic has brought such fundamental but temporary changes in whom hospitals serve and how they serve them that permitting hospitals to become ineligible to continue participating in these and other such programs risks allowing these short-term changes to create yet another level of financial instability and uncertainty for community safety-net hospitals and others.

The challenges we seek to address with these proposals are essential to the future of many private community safety-net hospitals in California – and to the communities these safety-net hospitals serve. We are not alone in facing these challenges, either: community safety-net hospitals throughout the country face the same challenges and have the same needs. We are confident that you recognize these challenges and that you will address them in legislation later this month, as you have done throughout this public health emergency.

Sincerely,

Anne McLeod
President and CEO

cc: Senator Dianne Feinstein
Senator Kamala D. Harris