

CRITICAL HOSPITAL FUNDING NEEDS DURING COVID-19 EMERGENCY

CONGRESSIONAL ACTION NEEDED

Hospitals must have reliable cash flow to maintain an adequate and healthy workforce, buy critical supplies, create new infrastructure, and keep their doors open to care for patients during this emergency.

Ongoing Congressional action to support hospitals is critical and appreciated. However, given the extreme uncertainties associated with this unprecedented pandemic, we urge Congress to immediately act to adopt the following supplemental hospital funding programs:

Establish Hospital Supplemental Payment Program

- Adopt a \$90 billion supplemental payment program with biweekly payments to all acute care and critical access hospitals which would help alleviate cash flow issues.
- The payments should be calculated as follow:
 - Determine total Medicare monthly payments to each hospital in 2019.
 - Given the extraordinary costs of COVID-19 cases and resources, use the highest three months of payment to calculate the bi-weekly rate.
 - Provide hospitals with 30% of this rate on a bi-weekly basis, effective upon passage.

Hospital Loan Backstop Program

- Because these supplemental payments may fall short of hospitals' financial needs, Congress should establish a national loan program for distressed hospitals, similar to other industry loan programs. A backstop loan program totaling \$100 billion would likely meet the needs of hospitals in rural and urban areas alike, depending on the duration and severity of the pandemic, which is unknown.
- Hospitals would pay back the loans over a period of time, with loan extension and forgiveness provisions for certain hospitals that have little or no financial ability to repay the loan.

BACKGROUND

- The current COVID -19 crisis is causing severe economic challenges for hospitals, particularly those treating a high number of Medicare, Medicaid, and uninsured patients even before the inevitable patient surge. Due to this unprecedented health and economic crisis, hospitals face serious, immediate cash flow disruptions that will undermine their ability to provide services to all patients.
- Hospitals are struggling to find sufficient supplies to test and treat patients and protect and keep their clinical and non-clinical workforce healthy so that they can continue treat patients.
- As COVID-19 hospitalizations rapidly escalate, most of which are seniors on Medicare, commercial non-Covid-19 patients will be displaced.
- Other industries impacted by government actions due to COVID-19 result in reduced consumer use of their services. Hospitals, however, have a two-fold COVID-19 impact:
 - Government action (e.g., social distancing that keeps people out of hospitals)
 - Hospital industry actions required to prepare for patient surge (e.g., cancel certain elective surgeries)