



Private
Essential
Access
Community
Hospitals

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

June 2, 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 – appreciates everything Congress is doing to support hospitals through this enormous public health challenge. This challenge, though, continues to unfold, and California's private community safety-net hospitals, and others like us, find ourselves again in need of help, and we need it as soon as possible. Some of our latest needs were addressed by the House last month in H.R. 6800, the Health and Economic Recovery Omnibus Emergency Solutions Act ("HEROES Act"), and now we request that the Senate, whether through the HEROES Act or other means, include in its next COVID-19 aid/financial stimulus legislation five specific policies.

First, please authorize 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 so we can be reimbursed for our COVID-19-related expenses and revenue losses, 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 important, established state policy-making prerogatives; create major new administrative burdens for our state government and hospitals; inappropriately regulate financing of the state share of Medi-Cal spending; and impose new, unspecified standards for which our Medi-Cal 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) from July of this year 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

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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.

Finally, PEACH urges you to lengthen the payback period for money provided to hospitals through the CARES Act's Accelerated and Advance Payment Program and to reduce interest rates for our repayments. For California's private community hospitals, this recovery is going to take longer than any of us expected, and taking these steps now will enable providers to continue serving their patients while ensuring our ability to meet our obligation to the federal government.

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: private safety-net hospitals throughout the country face them well. From the start, you and your colleagues in the Senate have recognized the importance of helping hospitals do their jobs during this pandemic and we are confident you will continue to do so. We ask you to rise to meet this need again, and to do so with a sense of urgency – because the need for the assistance outlined above is now urgent and time is of the essence.

Sincerely,

Anne McLeod
President and CEO