

United States Senate

June 9, 2020

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

The Honorable Seema Verma
Administrator
Centers for Medicare and Medicaid Services
7500 Security Blvd.
Baltimore, MD 21244

Dear Secretary Azar and Administrator Verma,

We write to you today to ask that you consider the economic impact on hospitals that serve a disproportionate number of Medicaid and low-income patients as you distribute future congressionally appropriated COVID-19 related funding. We sincerely appreciate the funding that has reached our states to date, and we also appreciate the responsiveness of your staff when addressing issues related to the distribution of initial tranches of funding. However, we remain concerned that, to date, the allocations have not sufficiently targeted providers tasked with caring for vulnerable populations. As such, as you distribute the remaining funding in the Public Health and Social Services Emergency Fund, we respectfully request you consider a separate, targeted distribution of funding for health providers who make up the health care safety net in our states.

In the wake of the COVID-19 crisis, Congress acted swiftly to provide emergency funding for hospitals and health providers. Specifically, Congress provided \$100 billion for the Public Health and Social Services Emergency Fund (PHSSEF) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136), as well as an additional \$75 billion under the Paycheck Protection Program and Health Care Enhancement Act (P.L. 116-139). In our states and across the country, Medicaid providers are on the frontlines of this pandemic as they often are under more normal circumstances. As such, Congress explicitly articulated in the CARES Act that PHSSEF eligible health care providers include “Medicare or Medicaid enrolled suppliers and providers.”

To date, the distribution methodology used by the Department of Health and Human Services (HHS) has not sufficiently addressed the needs of hospitals and health providers that disproportionately serve Medicaid and low-income patients. We appreciate the urgency with which HHS acted to make initial funding distributions and the continued efforts to address the needs of health care providers impacted by COVID-19. However, the decision to distribute

funding based on net patient service revenue in the \$50 billion general distribution, combined with the \$2 billion in targeted funding for disproportionate share hospitals, did not adequately capture the financial strain safety net providers face in the current environment.

The safety net hospitals in our states and across the country have minimal privately insured patient populations, and they overwhelmingly rely on government payers. On a pre-pandemic basis, these providers face high-uncompensated care costs and bring in significantly lower revenue than other hospitals. COVID-19 has severely exacerbated these disparities. We are concerned about the future financial viability of our hospitals that help care for the sickest, lowest-income, and costliest patients. These hospitals stand at the frontlines of our health care system for many of our disadvantaged communities and operate on razor thin margins under the best of circumstances.

Moreover, Medicaid recipients and low-income populations face particular health challenges, due to underlying health conditions and barriers to accessing care. This makes them all the more susceptible to dangerous outcomes during a pandemic. A report recently released found that 35 percent of non-elderly adults with household incomes below \$15,000 are at increased risk of serious illness if infected with coronavirus, compared to just 16 percent of adults with household incomes greater than \$50,000.¹ If we are to implement a successful comprehensive national response to COVID-19, we cannot leave anyone behind. Our safety net hospitals currently lack the funding they need to effectively treat the nation's most vulnerable families and individuals.

We fully appreciate the challenges involved in quickly and equitably distributing funding to health providers, however we urge you to consider a separate, targeted distribution of funding that prioritizes the particular financial strain facing our hospitals that serve a disproportionate number of Medicaid and low-income patients.

We thank you for your consideration of our request, and we look forward to your response.

Sincerely,

/s/ Robert Menendez
Robert Menendez
United State Senator

/s/ Shelley Moore Capito
Shelley Moore Capito
United States Senator

/s/ Cory A. Booker
Cory A. Booker
United State Senator

/s/ John Boozman
John Boozman
United States Senator

¹<https://www.kff.org/disparities-policy/issue-brief/low-income-and-communities-of-color-at-higher-risk-of-serious-illness-if-infected-with-coronavirus/>

/s/ Sherrod Brown
Sherrod Brown
United State Senator

/s/ Rob Portman
Rob Portman
United States Senator

/s/ Doug Jones
Doug Jones
United State Senator

/s/ David A. Perdue
David A. Perdue
United States Senator

/s/ Mark R. Warner
Mark R. Warner
United State Senator

/s/ M. Michael Rounds
M. Michael Rounds
United States Senator

/s/ Catherine Cortez Masto
Catherine Cortez Masto
United State Senator

/s/ Thom Tillis
Thom Tillis
United States Senator

/s/ Kyrsten Sinema
Kyrsten Sinema
United State Senator

/s/ Martha McSally
Martha McSally
United States Senator

/s/ Tina Smith
Tina Smith
United States Senator

/s/ Kelly Loeffler
Kelly Loeffler
United States Senator