

April 17, 2020

Members of the Texas Congressional Delegation:

On behalf of our more than 450 member hospitals and health systems, the Texas Hospital Association thanks you for supporting multiple forms of financial relief for hospitals that are on the frontlines of the COVID-19 pandemic. Hospitals have been nimble to transform their business practices to treat the influx of acutely ill COVID-19 patients, increase testing capacity, manage resource challenges and report large volumes of data so this disease can be better understood and addressed. Hospitals know that a strong economy depends on healthy residents and communities, and they are committed to that mission. But financial constraints exacerbated by COVID-19 are threatening hospitals' ability to heal patients in the COVID-19 emergency and beyond. Texas hospitals request your assistance to support hospitals' financial solvency that is needed to continue fighting this pandemic.

While Texas is not characterized as a "hot spot" compared to some other areas of the country, this outbreak has had a significant impact on hospitals across the state. They canceled non-essential procedures and outpatient visits to increase bed capacity and conserve limited supplies of personal protective equipment in preparation for a potential surge in COVID-19 patients. The significant decline in patient volume and revenue threatens the financial stability of many hospitals, especially those in rural areas. Hospitals that have seen an influx in COVID-19 cases grapple with skyrocketing costs for PPE, labor, supplies and construction, among other expenses.

Texas hospitals very much appreciate the U.S. Department of Health and Human Services' initial release of emergency funds from the Coronavirus Aid, Relief, and Economic Security Act last week. This initial round of funding is an important first step toward providing meaningful financial relief for Texas hospitals. Still, additional funds are urgently needed and the distribution formula needs to be modified. As you know, HHS disbursed the initial \$30 billion in emergency funds based on a provider's Medicare fee-for-service payments. These funds were disbursed to *all providers* who bill Medicare, with hospitals and health systems receiving only a portion. According to our estimates, hospitals received significantly less than their overall proportion of Medicare spending or overall health care spending, resulting in emergency payments that represent a small fraction of what is needed.

Members of the Texas Congressional delegation can help the hospital community by urging HHS to:

- Immediately disburse additional CARES Act relief funds to *all* hospitals, including rural and urban short-term acute-care, long-term care and critical access hospitals, as well as inpatient rehabilitation, inpatient psychiatric and children's hospitals.
- Allocate those funds in an equitable manner, such as by bed size, total net patient revenue, or adjusted admissions.
- Provide enhanced funding to hospitals in rural areas, hospitals with a high percentage of payments under Medicare Advantage and hospitals caring for a disproportionate amount of Medicaid and uninsured individuals. This targeted group is especially vulnerable or received proportionally fewer funds in the initial disbursement due to the disbursement methodology.



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We appreciate all that you have done to support hospitals and their staff during this crisis, and we look forward to continuing to work with you during this critical time to protect the health of all Texans.

Sincerely,

A handwritten signature in black ink, appearing to read "Ted Shaw".

Ted Shaw
President/CEO
Texas Hospital Association