Dear Senator Warren:

Thank you for the tremendous support you and your staff have provided to Massachusetts hospitals during this unprecedented time. We also want to thank you for your successful fight to include additional Provider Relief funding in the bill that passed last week. There is a growing level of financial distress for Massachusetts hospitals and every dollar really does make a difference. As I know you have a deep appreciation of our economic circumstances, I hope MHA’s priorities for the next emergency relief package will have added meaning and urgency.

Our most recent, conservative estimates show that, due to the curtailment of elective surgeries and other non-COVID-19 care, Massachusetts acute care hospital revenue losses are approximately $1.1 billion per month. Hospital-affiliated physician organization revenue losses are estimated to be more than $280 million per month. Through July, we estimated the revenue losses to hospitals and their affiliated physician groups will be $5.4 billion. Even with the financial relief provided to date, the financial losses of the commonwealth’s hospitals will total billions.

On top of these unsustainable revenue losses, hospitals are shouldering massive expenses associated with the pandemic. Hospitals have created additional testing sites, increased capacity, converted existing medical-surgical units to ICU beds, assisted in the establishment of field hospitals, supported skilled nursing facility functions, secured temporary staff, assisted employees with child care, and rented hotel rooms to provide safe staff quarantine locations. The tremendous need for medical and PPE supplies alone has resulted in accelerated costs and significantly inflated prices for day-to-day supplies.

None of this touches on the dramatic emotional toll the past three months have taken on clinical and non-clinical hospital staff at every level. Despite the striking financial impact of the pandemic, Massachusetts hospitals are doing all they can to support employees and to continue employment across the workforce.

While the relief packages from Capitol Hill are greatly appreciated and necessary, the wide dispersal of funding to all Medicare providers has not recognized the central role hospitals play – especially those in COVID-19 “hot spots” such as Massachusetts. Nationwide, MHA estimates hospitals have received only 43 percent of the funding issued from the CARES Act Provider Relief Fund to date. Further, the vast majority of funds have been distributed irrespective of actual financial loss. Out of the $50 billion in provider relief funds distributed to date, Massachusetts hospitals have received a total of approximately $550 million. MHA estimates Massachusetts hospitals collectively received the fifth
lowest amount of federal relief payments to hospitals by state on a COVID-19 per case basis (as reported through April 25, 2020).

**It is imperative that future funding distributions from the Provider Relief Fund or any other source be proportionally directed to hospitals where COVID-19 is having the most negative effect.** We urge you to help ensure future payments from the fund administered by U.S. Health and Human Services be issued in a more targeted and appropriate manner. We also respectfully request the next legislative relief package specifically prioritize relief for hospitals that are facing a more extreme, direct and prolonged effect of the COVID-19 pandemic.

In addition to this overarching need, we respectfully request the following considerations for future legislative action:

- Seek meaningful transparency in the distribution of all provider relief funds.
- Consider conversion of the Medicare Accelerated and Advance payment program into a grant/loan forgiveness program. At a minimum, reduce the interest rate for the Accelerated and Advance payment program loans to 2.5% or less and postpone recoupment until 365 days after the payment is issued.
- Suspend the Medicare sequestration 2% cut through calendar year 2021.
- Eliminate or delay through 2022 the scheduled Medicaid Disproportionate Share Hospital (DSH) reduction.
- Ensure that Medicare IME payments aren’t reduced because teaching hospitals increased bed availability.
- Increase to 12% the Families First Coronavirus Response Act’s temporary 6.2% increase in the Federal medical matching percentages (FMAP).
- Require withdrawal of the Medicaid Fiscal Accountability Regulation.
- Provide a temporary increase in Medicaid DSH allotments.
- Provide subsidies for COBRA.
- Grant additional emergency state and local funding.
- Provide a tax credit for essential health care workers.

We recognize that many of these proposals were included in the initial House CARES Act draft on March 23 and urge you to include them in the next relief package. Please do not hesitate to contact me if I can provide any additional information.

Thank you for your support of Massachusetts hospitals and healthcare providers.

Sincerely,

Steve Walsh
President & CEO
Massachusetts Health & Hospital Association