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U.S. Sen. Baldwin: Urges administration to preserve health care providers' access to pandemic relief funding

Posted on Tuesday, Oct 13, 2020

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WASHINGTON, D.C. – U.S. Senators Tammy Baldwin (D-WI), Amy Klobuchar (D-MN) and Tina Smith (D-MN) led their colleagues in expressing concerns with U.S. Department of Health and Human Services (HHS) Secretary Alex Azar about the recent change in reporting requirements for hospitals and health systems that receive relief funds from the Provider Relief Fund (PRF). This change could force providers to return relief funding that they have already received or receive less assistance in the future. Rural hospitals and hospitals that serve high numbers of low-income and elderly patients could be particularly burdened by the new reporting requirements due to their already thin financial margins.

"We have heard from hospitals and health systems in our states who are concerned that this change in the definition of lost revenue will force them to return funds to HHS that they have received from the PRF. In particular, rural hospitals and those that serve high numbers of low-income, elderly, and severely ill patients—which already operate on thin financial margins—may be especially impacted by this change," **the senators wrote.**

"We are concerned that this change in reporting requirements changes the terms of the relief as providers initially understood them based on the initial June guidelines—further exacerbating the financial challenges and uncertainty that these systems continue to grapple with as a result of the pandemic. Therefore, we

respectfully request that you reinstate the original June requirements for determining lost revenue in order to prevent unnecessary financial uncertainty for hospitals and health care providers and to prevent them from being forced to return PRF funds that they have already received."

HHS released initial reporting requirements in June for providers receiving PRF funds that directed these entities to define lost revenue as "any revenue that you as a health care provider lost due to coronavirus, " but HHS released updated reporting requirements on September 19 that directed providers to instead use changes in their net operating income to calculate lost revenue – a substantial change from the initial June guidance that is expected to reduce the amount of lost revenues that providers are able to report. This shift in reporting requirements changes the terms of the relief as hospitals and health systems initially understood them and will likely create further uncertainty for providers at a time when they are already facing serious financial challenges.

The letter was also signed by Senators Michael Bennet (D-CO), Tammy Duckworth (D-IL), Jeff Merkley (D-OR), Doug Jones (D-AL), Chris Coons (D-DE), Bernie Sanders (I-VT), Jack Reed (D-RI), Mazie K. Hirono (D-HI), Joe Manchin (D-WV), Kyrsten Sinema (D-AZ), Patrick Leahy (D-VT), Dick Durbin (D-IL), Richard Blumenthal (D-CT), Gary Peters (D-MI), Chris Van Hollen (D-MD), Angus King (I-ME), Sheldon Whitehouse (D-RI), Ed Markey (D-MA), and Tom Carper (D-DE).

Full text of the letter can be found HERE and below. An online version of this release is available here.

Dear Secretary Azar:

We write to express our concerns regarding the recent change in reporting requirements for health care providers that have received emergency relief through the Provider Relief Fund (PRF) and to respectfully request that you reinstate the original reporting requirements for determining lost revenue that the Department of Health and Human Services (HHS) first released in June of this year.

As you know, the CARES Act established the PRF to reimburse health care providers for health care-related expenses or lost revenue due to the coronavirus pandemic. The PRF has been critical in helping hospitals and health care systems across the country navigate the serious financial challenges posed by this pandemic, preventing many providers from being forced to permanently close their doors.

As a condition for receiving PRF funds, the CARES Act required these recipients to submit reports and maintain documentation to certify their compliance with program requirements. In June, HHS released initial guidance outlining some of these reporting requirements and directed providers to calculate lost revenue by comparing actual 2020 revenue with budgeted 2020 revenue or with 2019 revenue. On September 19, HHS released updated reporting requirements that directed providers to use net operating income to calculate lost revenue—a substantial change from the directions issued in June.

We have heard from hospitals and health systems in our states who are concerned that this change in the definition of lost revenue will force them to return funds to HHS that they have received from the PRF. In particular, rural hospitals and those that serve high numbers of low-income, elderly, and severely ill patients—which already operate on thin financial margins—may be especially impacted by this change.

We are concerned that this change in reporting requirements changes the terms of the relief as providers initially understood them based on the initial June guidelines—further exacerbating the financial challenges and uncertainty that these systems continue to grapple with as a result of the pandemic. Therefore, we respectfully request that you reinstate the original June requirements for determining lost revenue in order to prevent unnecessary financial uncertainty for hospitals and health care providers and to prevent them from being forced to return PRF funds that they have already received.

Thank you for your time and attention to this important measure. We look forward to working with you to continue supporting our hospitals and ensuring that this pandemic does not cause further, long-term disruptions to Americans' access to care.

Sincerely,