

April 28, 2020

The Honorable Alex M. Azar
Secretary
United States Department of Health and
Human Services
200 Independence Avenue, SW
Washington, D.C. 20201

The Honorable Seema Verma
Administrator
Centers for Medicare & Medicaid Services
200 Independence Avenue, SW
Washington, D.C. 20201

Dear Secretary Azar and Administrator Verma:

The National Alliance of Safety-Net Hospitals appreciates everything the Department of Health and Human Services and Centers for Medicare & Medicaid Services (CMS) are doing to help hospitals like ours serve our communities during the COVID-19 pandemic. We recognize the enormous pressure you and your colleagues are under during this extraordinary period.

At this time, however, we are very concerned about the second tranche of CARES Act payments that most hospitals received last Friday. Some of our members have reported receiving much more modest grants than they expected while others reported receiving no grants at all. In addition, in conversations with CMS staff we have been informed that the agency believes it “overpaid” some hospitals in the first tranche and plans to seek to recover those overpayments in the near future.

Private safety-net hospitals are on the front lines in serving patients with COVID-19. They have invested considerable resources to care for these patients at the same time they have seen their revenue decline precipitously because they suspended non-urgent procedures so they could focus all of their attention, and all of their resources, on COVID-19 patients.

The formula that was used during this second tranche of payments, however, poses a distinct disadvantage to private safety-net hospitals because it reflects neither the immense expenditures they have made in the past two months nor the enormous proportion of revenue they have lost. With its emphasis on net patient revenue, this formula is damaging to safety-net hospitals that care for especially high proportions of Medicaid and low-income Medicare patients. As a result, hospitals that care for significant numbers of Medicaid and low-income patients are getting smaller grants, no grants at all, and in some cases a warning that they will be expected to return some of the money they have already received.

NASH hopes you will address these concerns by using the troubling outcome of this second tranche of payments to develop a consistent, appropriate funding formula that focuses more on hospitals than on other health care providers; that is fairer to safety-net hospitals than the second tranche formula; and that makes a concerted effort specifically to direct additional resources to safety-net hospitals. We also ask you to act immediately to ensure round one and round two grant recipients that there have been no “overpayments” of CARES Act funds and that the administration will not be asking them to repay some of the grants they have already received because the formula was changed.



We appreciate your attention to these concerns. In the coming days we will be in touch again with more detailed information about the problems the second tranche of payments posed and how we believe you might address those problems in the next round of payments.

These concerns notwithstanding, NASH and its members continue to appreciate everything you are doing to help us help our communities through the COVID-19 crisis.

Sincerely,

Ellen J. Kugler
Executive Director