



The Hospital + Healthsystem  
Association of Pennsylvania

*Leading for Better Health*

July 21, 2020

Dear Members of the Pennsylvania Congressional Delegation:

Your swift action in passing significant coronavirus relief packages has provided crucial support to Pennsylvania hospitals in the face of the COVID-19 public health crisis. While the relief Congress has provided already has been enormously helpful and greatly appreciated, hospitals are still under perilous strain. As Congress considers additional COVID-19 relief, we ask for your support in granting full forgiveness of accelerated payments for all hospitals.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act expanded the authority for Medicare accelerated payments to hospitals, which served as a mechanism to provide critically needed cash flow early in the response to COVID-19.

Under the program, accelerated payments function as a loan and must be repaid in full. Hospitals may receive an advance payment of as much as six months of revenue based upon past Medicare reimbursement. Beginning 120 days after the advanced payment is made, Medicare recoups the advance payments by offsetting all Medicare payments until the reimbursement obligation is fulfilled. For many Pennsylvania hospitals, any unpaid balance remaining after one year accrues interest at an annual rate of 10.25 percent. For hospitals receiving an advance payment during early April, recoupment of the repayment obligations will begin as early as August.

Given the scope of the losses due to COVID-19, including the cancellation of scheduled procedures, increased PPE procurement costs, and a hesitancy among patients to return for care, hospitals and health systems are on precarious financial footing. During April, HAP worked with Health Management Associates (HMA) to release a financial impact report, which estimated that Pennsylvania hospitals will incur losses and costs of more than \$10 billion through the end of 2020.

Many hospitals around the state came into this crisis already operating on a razor's edge and now are struggling to stay financially afloat. Providers will continue to face historic challenges throughout this extended public health emergency and beyond, particularly as we have seen during the last few weeks, the nationwide increase in cases of COVID-19 and with the threat of a second wave coinciding with flu season.

Providing full forgiveness of loan obligations associated with the expanded Medicare accelerated payment program will provide real, immediate, and necessary relief as hospitals and health systems deal with the fallout from the global pandemic amid a slow return of patients and uncertain dynamics during the weeks and months ahead.



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Letter to the Pennsylvania Delegation

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Thank you for your service to our nation, our state, and our communities, and your attention to the needs of the hospital community during these challenging times.

Sincerely,

Allegheny Health Network  
Allied Services Integrated Health System  
Butler Health System  
Clarion Hospital  
Crozer-Keystone Health System  
Doylestown Health  
Einstein Healthcare Network  
Excela Health  
Friends Hospital Behavioral Health System  
Geisinger  
Good Shepherd Rehabilitation Network  
Indiana Regional Medical Center  
Jefferson Health

Lehigh Valley Health Network  
Main Line Health  
Penn Highlands Healthcare  
University of Pennsylvania Health System  
Penn State Health  
Punxsutawney Area Hospital  
St. Clair Hospital  
St. Luke's University Health Network  
Temple University Health System  
Tower Health  
UPMC  
WellSpan Health