



TRANSFORMING
HEALTHCARE TOGETHER.[®]

August 21, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
U.S. Capitol Building S-230
Washington, DC 20210

The Honorable Charles E. Schumer
Democratic Leader
U.S. Senate
U.S. Capitol Building S-221
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representative
U.S. Capitol Building H-222
Washington, DC 20215

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
U.S. Capitol Building H-204
Washington, DC 20515

Dear Majority Leader McConnell, Speaker Pelosi, Leader Schumer and Leader McCarthy:

On behalf of the Premier healthcare alliance serving approximately 4,000 leading hospitals and health systems, hundreds of thousands of clinicians and 175,000 other provider organizations, we applaud your leadership in enacting the *Coronavirus Preparedness and Response Supplemental Appropriations Act, the Families First Coronavirus Response Act, and the Coronavirus Aid, Relief, and Economic Security (CARES) Act*. The relief funds and loans for providers, enhanced payments for caring for COVID-19 patients and the expansion of telehealth and other critical provisions have helped our members shift their care practices while remaining financially stable for the short-term. While these actions have significantly improved healthcare providers' ability to combat the epidemic, many are now entering the repayment period for their Accelerated and Advance Payment Program loans. Given the severity of COVID-19 surges in different geographies, continued support for hospitals and other healthcare providers—which are the backbone of the nation's response to the pandemic—is still urgently needed.

Resources for many healthcare providers in hot spots are already stretched thin and providers in other areas continue to forgo significant revenue from other services as the pandemic progresses. As a result, it is estimated that hospitals' median operating margin could drop to -7 percent by the end of the year absent additional intervention from Congress and the Administration.ⁱ

Premier urges Congress to build on provisions in both the HEROES Act and HEALS Act to provide authority for the Department of Health and Human Services (HHS) Secretary to, at a minimum, make the following essential changes to the Accelerated and Advance Payment Program:

- *Repayment timeline.* The public health emergency has lasted longer than initially anticipated and it is still uncertain when it will end or how long it will take for health systems and other providers to return to normal operations. It will be difficult, if not impossible, for many providers to begin repaying the loans while still in the heat of the COVID-19 battle. As currently structured, it is likely that when repayment begins a provider's claims payment will have to be reduced to 0 percent for the duration of the repayment period in order to fully repay the advanced/accelerated payment. This approach simply delays when health systems and other providers will face significant challenges due to decreased revenue. Congress should give CMS authority to delay the start of repayment based on the phased approach of reopening (e.g. CMS could delay the hospital repayment start until elective surgeries resume), provide up to two years for repayment prior to accruing interest and ensure that no more than 25 percent of repayment is taken from each Medicare claim. **We request that Congress put in statute that the Secretary shall use this authority to delay the start of repayments and extend the repayment timeline.**

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- *Establish an Accelerated/Advanced Payment Forgiveness Program.* We believe that many providers will not be able to fully reconcile their accelerated/advance payments during the repayment period. We request that Congress **designate funds to reduce or eliminate repayment of advanced/accelerated payments.**
- *Reduce Interest.* An interest rate of 10.25 percent at the conclusion of the repayment period presents another financial hurdle for providers that receive accelerated/advance payments. As we state above, many providers will be unable to fully repay the accelerated/advanced payment in the allowed timeline. We suggest that Congress **waive the collection of interest or set a lower interest rate**, ideally no more than 1 percent.
- *Restart the Program.* Due to the current pandemic and the certainty that its effects will reverberate past 2020, **HHS should resume the Accelerated and Advance Payment Program**, which it paused on April 27.

We remain committed to working with Congress to address the COVID-19 pandemic. Contact Duanne Pearson (VP, Advocacy) at duanne_pearson@Premierinc.com or 202.879.8008 with questions or for more information.

Sincerely,



Blair Childs
Senior Vice President, Public Affairs
Premier Inc.

ⁱ American Hospital Association, The Effect of COVID-19 on Hospital Financial Health. July 2020.
https://www.aha.org/system/files/media/file/2020/07/KH-COVID-Hospital-Financial-Health_FINAL.pdf