\*\*\*Model Letter\*\*\*

The Honorable Alex M. Azar
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Azar:

I am writing to request that the Department of Health and Human Services (HHS) reinstate the COVID-19 Provider Relief Fund (PRF) reporting requirements as outlined in the June 19 update to HHS’ “CARES Act Provider Relief Fund Frequently Asked Questions.” Those requirements defined both expenses and lost revenues attributable to COVID-19, and stated that lost revenue was any revenue that a health care provider lost due to COVID-19. The June requirements should replace the department’s September 19 notice, “General and Targeted Distribution Post-Payment Notice of Reporting Requirements.”

Hospitals across California’s XXst/th district have reported to me that the revised requirements may require them to return a significant portion of the Provider Relief Funds that have served as a lifeline during the COVID-19 public health emergency. The department’s June guidance stated that “lost revenues that are attributable to coronavirus” and could be determined using “any reasonable method of estimating the revenue,” including the “difference between your budgeted revenue and actual revenue” or comparing “the revenues to the same period last year.” However, the September document changed that guidance such that lost revenue must be “represented as a negative change in year-over-year net patient care operating income.” The difference between income (which represents net funds) and revenue (which represents gross funds) is significant.

Hospitals in my district took aggressive steps to stay open for their communities while limiting elective and non-emergent services at the height of the pandemic, including taking necessary steps to lower and contain costs. By revising the definition of lost revenue to represent lost income, HHS fails to recognize the significant financial impact of purchasing increased personal protective equipment, expanding telehealth services, increasing operating efficiencies, and retraining and supporting hospital staff.

In addition, many hospitals in my district operate on a fiscal year that ends on June 30. By revising these requirements mid-stream, hospitals are forced to reevaluate their annual financial statements not only for planning and budgeting purposes, but also for accounting, auditing, and bond rating purposes.

I urge you to provide the hospitals in my district with stability by reverting to the definitions of lost revenue as described in your June 2019 frequently asked questions.

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