

Key Messages

As Pandemic Persists, Hospitals Need Additional Federal Support from the Provider Relief Fund

Hospitals are the indispensable cog in each community's COVID-19 response effort, but the Health Resources and Services Administration's (HRSA's) Phase 4 Provider Relief Fund (PRF)/American Rescue Plan (ARP) Rural Distribution has systematically disadvantaged hospitals when they most need federal support.

- Throughout the pandemic, hospitals have provided lifesaving care to COVID-19 patients, led the effort to limit community transmission with robust testing and vaccination programs, and continued delivering medically necessary care to non-COVID-19 patients.
- Now, more than ever, hospitals desperately need additional federal support as they face increasing COVID-19 volumes at a time when expenses for labor, supplies, and pharmaceuticals continue to [spike](#) on both an absolute and per-discharge basis.
- Due to perilous workforce shortages caused by the pandemic and spikes in admissions, many hospitals have been forced to curtail non-emergent procedures, further exacerbating financial strain by reducing revenue even as their expenses increase dramatically.
- Hospitals appreciate HRSA's continued efforts to provide much-needed federal support via the PRF, but the Phase 4 distribution is inadequate to meet the needs of all hospitals.

Hospitals need HRSA to provide additional funding for the period covered by Phase 4 PRF/American Rescue Plan Rural (ARP) Rural Distribution because it is particularly inadequate for hospitals — like those in California — that experienced a significant surge in COVID-19 admissions during late 2020 and early 2021.

- Phase 3 covered the first and second quarters of 2020 and was funded with \$24.5 billion. During that period there were approximately 2.7 million COVID-19 cases, for an average PRF allocation of **\$9,089 per case**. Because that distribution was adequately funded, relative to Phase 4, HRSA was able to pay 88% of COVID-19 expenses and losses for the six-month period it covered.
- The Phase 4 PRF/ARP Rural Distribution covered the third and fourth quarters of 2020 AND the first quarter of 2021, with only \$25.5 billion. During this period, there were approximately 27.6 million cases, for an average PRF allocation of **\$924 per case**. Clearly, Phase 4 is inadequately funded given the number of months it covered and the intensity of case volume during that nine-month period.
- At the time it was announced, Phase 4 coincided with California's largest surge and paid the majority of hospitals only between 20 and 25% of COVID-19 expenses and losses on average.