GNYHA COVID-19 FEDERAL LEGISLATIVE PRIORITIES

PRESIDENT, KENNETH E. RASKE • 555 WEST 57TH STREET, NEW YORK, NY 10019 • T (212) 246-7100 • F (212) 262-6350 • WWW.GNYHA.ORG

Health care systems in New York and nationwide are experiencing an alarming rise in COVID-19 hospitalizations. Hospitals, nursing facilities, and other health care providers continue to face immense financial pressures from 1) increased expenses associated with COVID-19 patient surges due to the emergence of variants and 2) lost revenues from cancelled elective procedures and services and the inability to reopen services due to lack of staff. The recent Omicron-driven surge warrants further Federal action to alleviate health care providers' financial burdens as they continue to battle COVID-19 and deliver care to communities.

GNYHA is particularly concerned about workforce shortages due to positive COVID-19 cases among physicians and health care workers coupled with systemic, decades-long policies that prevented an adequate supply of health care workers. The relentless demands of treating COVID-19 patients over the past two years has strained the health care workforce and led to burnout and increased retirements.

PASS ESSENTIAL PROPOSALS CONTAINED IN THE BUILD BACK BETTER ACT

GNYHA strongly supports the health care proposals in the Build Back Better (BBB) Act, especially the House-passed bill's graduate medical education (GME) provisions and health workforce expansions. GNYHA supports the following BBB Act provisions:

- GME and health workforce investments: The bill creates the Pathways to Practice training programs, funds 4,000 additional Medicare-supported residency positions, and invests in Teaching Health Center and Children's Hospital GME. It also includes funding for the National Health Service and Nurse Corps, medical and nursing school construction in underserved areas, and palliative medicine and hospice care workforce expansions.
- Affordable Care Act and Medicaid expansions
- Home and community-based services programs and long-term care expansions
- Public health and pandemic preparedness investments

GNYHA urges Congress to advance BBB negotiations and maintain the House-passed bill's health provisions in final legislation. In addition to passing the BBB Act, Congress should quickly consider legislation that would provide additional direct relief to providers. GNYHA's policy recommendations are outlined below.

REFORM THE MEDICARE ACCELERATED AND ADVANCE PAYMENT PROGRAM

The Medicare Accelerated and Advance Payment Program has been a financial lifeline for health care providers throughout the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security (CARES) Act enabled hospitals and health systems to request a six-month Medicare advance (all other providers and suppliers could request a three-month advance) to help with severe COVID-19-related cash flow challenges. Under current law, repayment begins one year after the date the payment was issued (April 2021 for many providers), with recoupment against Medicare claims payments of 25% for the first 11 months and 50% for another six months thereafter. Any amounts still owed would become due with interest accruing at 4% on any unpaid amount after 30 days.

GNYHA is grateful for these extended repayment terms, but we remain concerned about the ability of health care providers to repay these loans given their COVID-19-related losses, especially given the imminent recoupment percentage increase from 25% to 50%. This will further harm providers' financial condition just as they are experiencing another patient surge.

The Biden Administration and Congress should, at a minimum, further improve the advance repayment terms as follows:

- Suspend repayments for six months to give providers immediate financial relief.
- Resume recoupment after the repayment suspension at 25% of Medicare claims payments for the following 12 months, with any amounts still owed due within 30 days (with interest accruing at 4% on any unpaid amounts).

EXTEND THE MORATORIUM ON THE 2% MEDICARE SEQUESTRATION CUTS

The Budget Control Act of 2011 requires mandatory across-the-board "sequestration" reductions, with Medicare incurring a 2% cut. Throughout the pandemic, Congress enacted legislation that delayed implementation of the Medicare cuts and, most recently, extended the moratorium on the Medicare sequestration cuts through March 31, 2022, reducing the sequestration cut to 1% for April 1 to June 30, 2022.

GNYHA is grateful that Congress provided temporary Medicare sequestration relief, but now is not the time to cut hospital Medicare payments. In addition to ongoing direct pandemic-related financial impacts, hospitals are facing severe labor shortages across several job titles as individuals leave the health care workforce due to burnout, competition for labor from other sectors in the economy offering less physically and mentally demanding work, and vaccine mandates. This difficult labor environment, combined with general economic inflation (measured by the Consumer Price Index) of 7% in 2021, is expected to lead to significant wage growth this year in the hospital sector, putting additional economic pressure on the industry. Further, before accounting for these trends, the Medicare Payment Advisory Commission estimates that Medicare reimburses hospitals for only 90% of their cost of treating Medicare beneficiaries (Medicare Payment Advisory Commission, January 2022). For all these reasons, it would be extremely rash to reduce hospital Medicare payments at this time.

Congress should:

- Suspend the Medicare sequestration cuts through calendar year 2022 or the end of the Federal public health emergency, whichever is later.

INCREASE FUNDING IN THE PROVIDER RELIEF FUND

To help mitigate providers' financial challenges during the pandemic, Congress established the Provider Relief Fund (PRF) in the CARES Act and appropriated funding to reimburse eligible health care providers for expenses or lost revenue attributable to COVID-19. To date, Congress has allocated $178 billion to the PRF. In addition, Congress allocated $8.5 billion for rural providers to address COVID-19 financial impacts. Now that distributions have been made under the General Distribution Round 4, the PRF has essentially been depleted.

Congress should:

- Add $25 billion to the PRF.