Safety Net Hospital Alliance of Florida Asks US HHS to Consider Uninsured Patient Care in Hospital Funding Formula for COVID-19

TALLAHASSEE, FL – The CEO of the Safety Net Hospital Alliance of Florida, Justin Senior, wrote to the US Department of Health and Human Services to request that the federal funds aimed to help hospitals in their COVID-19 fight take into account a hospital's amount of charity/uninsured patients in their funding formula, which currently over-focuses on higher paying commercial patients.

Senior said, "HHS distributed the first $50 billion based upon a hospital's 2018 revenue. While this rightfully enabled quick distribution, like any straightforward formula it has its "winners" and "losers." By focusing on revenue, this formula favors hospitals that have more high paying commercial patients, and disfavors hospitals and systems that serve a disproportionate share of low-paying Medicaid patients as well as charity/uninsured patients that do not pay at all.

Senior continued, "We ask that as HHS develops a methodology for distributing the remaining funds, that it chooses a formula that accounts for hospitals that serve Medicaid and uninsured patients. We suggest that a simple formula based upon a hospital's admissions and/or discharges, or a simple formula based upon a hospital's total patient days would work well. Either approach would take into account all of a hospital's patients, including Medicaid and uninsured patients, while a formula based on patient days would be particularly helpful to hospitals that serve the sickest and most complicated patients (who tend to have longer stays). In any event, we again urge that HHS make any future formula simple, fast, and fair."

Full Letter is available below:

Dear Deputy Secretary Hargan:

The Safety Net Hospital Alliance of Florida is an association comprised of Florida's premier public, teaching, children's, and regional perinatal intensive care hospitals. While our hospital systems comprise just over 10% of the state's hospitals, they treat over 40% of the state's Medicaid patients each year and roughly 40% of the state's charity care as well. Our hospitals serve all patients regardless of ability to pay and can be found in every geographic region of the state.

Like all hospitals in Florida, our members followed federal and state government orders to cancel and postpone non-COVID surgeries and procedures. They have suffered significant revenue losses as a result. In addition to lost revenue, our hospitals incurred significant expenses in preparing for a potential surge in COVID patients in the state. In Florida, the government order to stop elective procedures went into effect on March 20 and will end on May 4.

We thank the U.S. Department of Health and Human Services for quickly distributing $50 billion of the total $175 billion appropriated for hospitals and health systems in the two most recent federal COVID relief bills. We also appreciate HHS's efforts to distribute an additional $10 billion to hospitals in high-COVID areas, and another $10 billion soon to be disbursed to rural hospitals. These distributions have provided (or soon will provide) significant financial relief to hospitals that have endured a one-two punch of massive revenue losses paired with significant increased costs. Please note, however, that this $50 billion has only reimbursed hospitals for a small fraction of the revenue they have lost in this shutdown.

As HHS decides how to distribute the remainder of the $175 billion for hospitals and health systems, we ask that the Department focus on methodologies that are fast, simple, and fair. HHS distributed the first $50 billion based upon a hospital's 2018 revenue. While this rightfully enabled quick distribution, like any straightforward formula it has its "winners" and "losers." By focusing on revenue, this formula favors hospitals that have more high-paying commercial patients, and disfavors hospitals and systems that serve a disproportionate share of low-paying Medicaid patients as well as charity/uninsured patients that do not pay at all.

We ask that as HHS develops a methodology for distributing the remaining funds, that it chooses a formula that accounts for hospitals that serve Medicaid and uninsured patients. We suggest that a simple formula based upon a hospital's admissions and/or discharges, or a simple formula based upon a hospital's total patient days would work well. Either approach would take into account all of a hospital's patients, including Medicaid and uninsured patients, while a formula based on patient days would be particularly helpful to

hospitals that serve the sickest and most complicated patients (who tend to have longer stays). In any event, we again urge that HHS make any future formula simple, fast, and fair.

Thank you again for your efforts to help hospitals and health systems during this public health crisis. If you have any questions about the above or would like to discuss these issues in greater detail, do not hesitate to contact me. Thank you for your time and consideration.

Sincerely,

Justin M. Senior

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