



Charles N. Kahn III
President & CEO

August 18, 2020

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader
U.S. Senate
Washington, DC 20510

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

The Federation of American Hospitals (FAH) is the national representative for over 1,000 leading tax-paying hospitals and health systems throughout the United States. FAH members provide patients and communities with access to high-quality, affordable care in both urban and rural America. Our members include teaching and non-teaching, acute, inpatient rehabilitation, behavioral health, and long-term care hospitals and provide a wide range of inpatient, ambulatory, post-acute, emergency, children's, and cancer services.

Our member hospitals are on the frontlines of the COVID-19 pandemic. In these extraordinary times, hospitals and other health care providers are focused on providing patients with continued access to the high-quality emergency and non-emergency care that they expect and deserve. It is with this mission in mind that we again express our gratitude for the decisive action Congress has already taken to help stabilize the health care industry during this unprecedented moment in history.

Although Congress provided a lifeline to health care providers at the onset of the pandemic, more support is now necessary to ensure that all Americans are able to maintain access to care. Hospitals across the country, from urban to rural, continue to face significant headwinds, including from government orders to restrict so-called

“elective” procedures, which include vital screenings for cancer and other conditions, as well as many non-emergent but nonetheless crucial surgeries.

Rural hospitals are particularly at risk given that they tend to serve older, higher-risk populations and rely heavily on Medicare reimbursement. Even before the COVID-19 pandemic, patients in rural communities struggled with reasonable access to medical care. The GAO found in August 2018 that hospital closures in rural areas occurred at more than double the rate of their previous five-year report.¹

As such, the repayment terms associated with the Medicare Accelerated and Advance Payment Programs (MAAPP) must be addressed immediately. Although Congress’ expansion of this program in *The CARES Act* successfully prevented short-term cash flow concerns for many hospitals, the onerous repayment terms were not created with the current pandemic in mind.

The FAH appreciates that both *The HEROES Act* and *HEALS Act* include improvements to the MAAPP as they signal Congress’ clear intent to adjust the repayment terms to reflect the reality of the pandemic. In the meantime, however, the repayment period, and the imminent total loss of Medicare fee-for-service payments, looms over every hospital participating in the program. Indeed, recoupment is scheduled to begin this month for most of those hospitals. Until Congress has had an opportunity to enact legislation, **we urge you to immediately call on CMS and the White House to exercise their administrative authority to formally delay recoupment of MAAPP loans – with public guidance to providers.** While the intent of the Programs is that these funds are loans and would be repaid, repayment should not begin while hospitals are still battling the pandemic and new hotspots emerge.

In addition to the immediate need for the Administration to exercise its authority, we continue to urge Congress to enact legislation that aligns the repayment terms of the MAAPP with the realities of the current crisis. The next COVID-19 legislative package should:

- Extend the start of repayment of the loans from 120 days to at least 12 months – no earlier than April 2021
- Reduce the amount of repayment taken from each Medicare claim during repayment from 100% to 25%
- Extend the repayment period from 12 months for hospitals (or 210 days for other providers) to a minimum of 36 months before providers must pay the outstanding balance and before interest begins to accrue
- Waive the interest rate or at least limit it to no more than 1 percent
- Resume the program, which was paused on April 27
- Increase the amount that can be advanced to hospitals from three or six months of Medicare payments to 12 months of Medicare payments

¹ Government Accountability Office, *Rural Hospital Closures: Number and Characteristics of Affected Hospitals and Contributing Factors* (2018).

- Allocate the funds from general Treasury revenues rather than from the Medicare Hospital Insurance Trust Fund
- Authorize loan forgiveness in cases of severe distress.

Thank you for your continued commitment to the nation's hospitals and the patients we serve on a daily basis. From rural to urban communities, our hospitals are counting on Congress to help us keep our doors open during the COVID-19 pandemic and beyond.

Sincerely,

