

URGENT COVID-19 Federal Relief for Kentucky Hospitals



KHA and Kentucky's hospitals thank Senator Mitch McConnell and the entire Kentucky congressional delegation for passing the CARES Act and for including provisions to help hospitals address cash flow. KHA examined the impact of the CARES Act and how future legislation could fine tune its provisions.

Why hospitals still need help:

- Kentucky's hospitals were **among the first in the nation to cancel elective procedures following the direction of Governor Beshear on March 18, 2020.**
- **Elective procedures** are the lifeblood of hospitals because they have the **largest contribution to a hospital's revenue** and are needed to cover expenses of services hospitals provide at a loss.
- Since the shutdown of elective procedures, **revenues have declined**, on average, by 40%. A KHA survey shows the estimated lost revenue is as much as \$1.3 billion in just eight weeks.
- **Kentucky hospitals are losing approximately \$20.4 million each day.**
- Over 1,000 **hospital workers have been furloughed** or had hours reduced. More lay-offs are likely.
- The **moratorium on elective procedures** is expected to continue for several more months and, once lifted, it will take considerable time for hospital volumes to return to pre-COVID levels. Prior experience during other emergencies indicates that **hospitals will never regain all of the revenue lost** during the shutdown. **Hospitals have no ability to repay funding provided in the form of loans.**
- Kentucky hospitals **need to receive enough funds to cover their lost revenue from the cancellation of elective procedures. Kentucky's estimated share of the initial tranche of federal relief funds will not cover the minimum amount hospitals have already lost.**

What hospitals need:

- **Provide additional relief funds, which are needed to support hospital operations.** The initial distribution from the Emergency Fund is estimated at \$235 million for Kentucky hospitals which pales in comparison to an estimated loss of \$1.3 billion for just an 8-week period.
- **Make advance payments forgivable** in future legislation. If funds must be repaid, please ensure no interest is charged.
- Provide the **same terms for loan forgiveness under the Paycheck Protection Program** for loans issued to **mid-size employers with 500 to 10,000 employees**, and consider extending the loan forgiveness period to cover payroll and operating expenses through the end of the public health emergency or the end of 2020.
- **Permanently repeal the Medicaid DSH cuts** or, at a minimum, delay the cuts for at least another year beyond the existing delay through October 2021.
- **Assure adequate payment to hospitals for treatment of COVID-19 patients by:**
 - **Requiring Medicare Advantage plans and state Medicaid programs**, both of which are financed with federal funds, to **provide the same 20% DRG payment add-on for treatment of COVID-19 patients in recognition of higher treatment costs;** and
 - Eliminating Medicare cuts in payment for 340B drugs.
- Include an exemption to the Stafford Act for the duration of the COVID-19 emergency to **extend FEMA eligibility to for-profit hospitals.**
- **Minimize regulatory burdens** by not implementing Price Transparency reporting and delay consideration of any new mandates (e.g., Surprise Billing or new OSHA requirements for infection control).