



April 8, 2020

The Honorable Seema Verma
Administrator, Centers for Medicare and Medicaid Services
200 Independence Avenue, S.W.
Washington D.C. 20201

Dear Administrator Verma:

The Safety-Net Association of Pennsylvania (SNAP) would like to thank you and your colleagues at the Centers for Medicare & Medicaid Services (CMS) for the progress you described yesterday toward distributing \$30 billion of the \$100 billion designated in the Coronavirus Aid, Relief, and Economic Security (CARES) Act for health care providers. Pennsylvania's private safety-net hospitals truly need these resources to help ensure their continued ability to serve their low-income, medically vulnerable communities during this time of national crisis and we greatly appreciate your efforts on their behalf.

In addition to serving Medicare patients, Pennsylvania's private safety-net hospitals also serve a high proportion of Medicaid patients, leaving them highly dependent on government payers for their revenue. As a result, these hospitals are especially vulnerable financially at this time.

By definition, SNAP hospitals provide more Medicaid care than the average Pennsylvania hospital. To be considered a safety-net hospital in Pennsylvania, a hospital also must provide at least one of the core services that have historically been fundamental to the health care safety net: they must deliver babies, provide neonatal intensive care services, or provide inpatient psychiatric care. Medicaid reimbursement in Pennsylvania was inadequate to cover hospitals' costs even before the added costs hospitals are now bearing during this pandemic, and with social distancing protocols crippling state tax receipts, there is no additional money available to increase state Medicaid spending or raise Medicaid rates at this time. Notably, Pennsylvania has no public acute-care hospitals. Unlike public hospitals that exercise control over tax revenue, our safety-net hospitals rely entirely on charitable contributions and whatever excess revenues they can manage to earn from providing care to commercially insured patients to subsidize their missions, and under current conditions, such resources are virtually non-existent.

As a result of this combination of factors, many private safety-net hospitals are suffering more than other types of hospitals and are holding on financially today by a slim thread: they will benefit from the first round of grants they can expect to receive in the coming days but will need additional funding – and need it quickly – if they are to continue playing their critical role during this national health emergency.

SNAP asks you to give appropriate consideration to the many hospitals like ours that serve especially high proportions of Medicaid. You acknowledged yesterday that some providers, including Medicaid providers, will not benefit appropriately from the first round of funding and said CMS would assist them in the next round. While we acknowledge that we have not seen any guidance on the planned payments, we understand that the first round of grants is being based entirely on providers' Medicare revenues. We are concerned because this methodology paints an incomplete picture of the work private safety-net hospitals like ours do and therefore will not give them adequate funding to serve their communities



through the current crisis. We hope you will acknowledge the special needs of these hospitals and the roles they play in their communities by ensuring that they will receive much-needed assistance in the second round of grants as well.

Private safety-net hospitals like ours are truly on the front lines in the fight against COVID-19. We appreciate everything you have done to support us so far and respectfully request that the next round of CARES grants to hospitals reflect the special role such hospitals are playing in this fight – and that we see this additional support as soon as possible.

Sincerely,

Kate Finkelstein
Legislative Liaison, Federal Affairs

