CA — CAP TO CAP — DC

HEALTH CARE

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THE IMPACT OF COVID-19 ON HEALTH CARE

Business Nexus

America's hospitals, health systems, clinics, and other health care providers have always been on the frontlines caring for patients. COVID-19 cases and hospitalizations put intense pressure on health care providers and continue with the unpredictability of new variants and related increases in cases. The pandemic has caused not only a severe financial burden on the entire health care system but also placed intense pressure on the mental health and physical well-being of health care workers. It is important to note that some of the issues outlined in this paper apply to fee for service systems, whereas integrated delivery systems that operate on a capitated model may not share the same concerns.

Requested Actions

- The Provider Relief Fund (PRF) has been essential to providers remaining financially viable during these unprecedented times. However, the PRF only covers expenses and lost revenues through March 2020, prior to the delta and omicron surges. Providers require additional assistance and ask Congress to urge HHS to immediately expedite the distribution of the remaining PRF dollars and replenish the nearly $17 billion that was diverted away from providers to other agency pandemic efforts.
- Support patient access to care by extending the current telehealth waivers beyond the period of the public health emergency to allow for the collection of data and the development of permanent policy for FFS and Medicare Advantage beneficiaries.
- Delay the phased implementation of the Medicare sequestration cuts and create stability in Medicare reimbursements and Medicare Advantage plans so providers can maintain focus on managing the pandemic.
- Consider a longer repayment period for Medicare Advanced and Accelerated Payments.
- Support legislation that assists with the mental health needs of health care providers.
- Support the technical fix to the Public Service Student Loan Forgiveness Program (PSLF).
- Support legislation that increases Medicare-supported GME slots and our nations' nursing schools and faculty so that those willing to enter the health care profession have a place to do so.
- Support health care workforce development programs, like HRSA Title VII programs.

Economic Constraints of COVID-19

A series of spikes in COVID-19 cases and hospitalizations resulting from the omicron variant caused a steep decline in non-COVID-19 patient volumes. This in turn led to sharply lower revenues to providers and hospitals. An American Hospital Association report from last summer, prior to the last surge, estimated total losses for the nation's hospitals and health systems to be at least $323.1 billion through 2020. Last year, California hospitals lost more than $14 billion. It is anticipated that margins may decline by 65% this year. The COVID-19 pandemic has also created an unprecedented threat to the viability of physicians and other health care practices. A recent California Medical Association survey found widespread concern about the financial health of physician practices, further reporting that 95% of practices reported they worried about their financial health due to the COVID-19 public health emergency, with an average revenue decrease of 64%. The fallout from this crisis threatens to fundamentally alter California's health care delivery system not just during the COVID-19 outbreak, but for years to come.

Federal financial support, such as the CARES Act Provider Relief Fund, has been much appreciated and afforded hospitals and providers the ability to deliver needed care to patients. However, the PRF addresses expenses and lost revenues through March 2020, prior to the delta and omicron variant surges. Hospitals, health systems, and other providers require additional relief to meet the health care needs of their patients. Hospitals and health systems continue to need to make investments in staffing, supplies, and capital projects specifically to respond to this ever-evolving pandemic. We request the Administration to allow providers to use their COVID-19 Provider Relief Fund (PRF) payments through the end of the public health emergency. We also urge HHS to expeditiously distribute the remaining PRF dollars and replenish the fund with the $17 billion that was allocated to other pandemic relief. In addition, we look to Congress to find ways to provide ongoing financial support to providers - including ensuring adequate reimbursement through Medicare - so we can continue to provide for the needs of our patients and communities.

Tackling Provider Burnout

Concerns are mounting about how the number of physicians, nurses, and other health workers are coping with emotional and physical strain from treating COVID-19 patients. According to the American Hospital Association collected data and anecdotal information from discussions with their members find that clinicians are suffering. A study reported by the National Academy of Medicine shows that between 35% and 54% of clinicians report at least one symptom of burnout, more than double the amount of burnout found in other fields. These workers need and deserve added support as they continue to care for severely ill patients.

We appreciate the efforts made to support the mental health needs of health care providers, such as the Dr. Lorna Breen Health Care Provider Protection Act (HR1667), which would authorize $35 million for a Health Resources and Services Administration (HRSA) Title VII grant program dedicated to training health professions students, residents, and professionals in evidence-informed strategies to address and prevent suicide, burnout, mental health conditions, and substance use disorders. The inclusion of another $10 million for a Centers for Disease Control and Prevention (CDC) campaign will work to encourage health professionals to seek treatment for mental and behavioral health concerns to address burnout and other issues impacting providers.

Challenges in the Rehabilitation Industry

Challenges are also persistent for the rehabilitation industry, especially during the pandemic. While providers have seen support through programs such as the paycheck protection program, obstacles are mounting due to regulatory changes, uncertainty over protocols, and fear of what comes next, taking a severe toll on staffing for agencies that provide care to the most vulnerable. Combined with projected reductions in reimbursement in 2022, including an overall reduction in physical therapy reimbursement as well as a 15% reduction in payment for Licensed Physical Therapy Assistants, the staffing shortage due to the pandemic is having a significant impact on agencies. This increases the length of stay in hospitals, exacerbating the already increased occupancy rates due to patients delaying care.

Helping Health Care Workforce Needs

While health care workers face challenges to their mental and physical health, another looming issue is the shortage of care providers. With Baby Boomers beginning to retire and health care reform expanding coverage to millions of previously uninsured citizens, California needs to address the statewide shortage. The lack of trained and certified workers places a burden on both the employer and health care staff who must pick up the extra load. The American Academy of Medical Colleges (AAMC) projects a physician shortage of between 37,800 and 124,000 physicians by 2034, including shortfalls in both primary and specialty care. California has 107 teaching hospitals training more than 9,000 physicians. However, 1,860 medical residents are not supported by Medicare DGME. Nationwide, this number is well over 17,000. Federal programs administered through Medicare, the Health Resources and Services Administration (HRSA), Department of Education, Department of Veterans Affairs (VA), and Department of Defense (DoD) are fundamental for training a robust and diverse health care workforce that is ready to serve our nation's most vulnerable patients and address any public health emergency. To improve access to quality mental health services, Congress should address shortages, maldistribution, and lack of diversity in our mental health workforce.

One of the issues facing physician shortages is the cost of medical school as student loans now average $300,000. Few physicians can practice without loan forgiveness help. For example, the Public Service Student Loan Forgiveness Program (PSLF) allows for loan forgiveness in 48 states, but the bill inadvertently excluded California and Texas physicians from participating. HR 1133/S 311 provides a technical fix to the PSLF which will provide parity for California and Texas and protect access to care in non-profit community hospitals, children's hospitals, and rural hospitals. Other measures such as the Resident Physician Shortage Reduction Act (S. 834/H.R. 2256), would add 14,000 new Medicare-supported GME slots. This bill, coupled with the 1,000-slot increase from 2020, would produce approximately 3,750 new physicians annually once fully implemented.

Expanding the physician workforce so every patient can access timely, quality, and affordable care is paramount. The HRSA Title VII workforce development programs are crucial in training a diverse and culturally competent health workforce to treat our nation's most vulnerable patients. The Title VII programs, funded through annual federal appropriations for the Department of Health and Human Services, invest in scholarship, loan repayment, and mentorship programs for future health care professionals from underrepresented minority, rural, and disadvantaged backgrounds. The HRSA programs also support interprofessional training in community-based settings to help shape the nation's health workforce across primary care, public health, geriatric, and mental health disciplines. We also support the House approved historic increases for several workforce- related programs in the FY 2022 Labor, Health and Human Service, and Education (Labor-HHS) appropriations. This appropriation would provide $980 million for the HRSA Bureau of Health Workforce (BHW) Title VII health professions and Title VIII nursing workforce development and diversity pathway programs, a $225.9 million (30%) increase over FY 2021 enacted levels, and a $135 million (16%) increase over the president's request.

Access to Health Care Coverage

Access to health care coverage has been key during the pandemic. Covered California – California's insurance marketplace provides coverage for more than 1.6 million individuals, many in the Sacramento region. We appreciate Congress supporting the necessary flexibility to allow deadline extensions for individuals to enroll in coverage during the pandemic and ensuring tax credits and cost-sharing subsidies continue to support individuals' ability to access and maintain coverage. Congress should take action to extend the enhanced individual market subsidies to ensure millions of people continue to have financial assistance to help keep coverage affordable.

Continuation of Telehealth Reimbursement

Telehealth has played a central role by allowing providers to continue bringing health care to a broad population without risking exposure to COVID-19. The flexibilities provided by Congress and the administration at the onset of the COVID-19 pandemic enabled hospitals, FQHCs, RHCs, community clinics, physicians, and other health care providers to rapidly implement telehealth to provide continued access to medical care for their patients. As the health care community continues to gain experience with telehealth, it rapidly shifted from using telehealth to reduce chances of infection, to understanding its use as an effective way to improve access to care and quality services. Telehealth has emerged as a game-changer in the provision of services and has become an essential tool used to provide equitable access to needed care for all patients, in any location, making it invaluable in addressing health equity for low-income workers, as well as consistent care for individuals with chronic illness. It is essential that current telehealth waivers be extended beyond the period of the public health emergency.

Medicare Reimbursement

Medicare is a significant payer source for health systems, hospitals, community clinics, physicians, and other providers, all of whom are committed to providing access to affordable, efficient, and effective health care, despite operating in a challenging regulatory environment and difficult reimbursement structure. More than 60 million people are enrolled in Medicare, nearly 6.2 million of them in California. The program is expected to continue to grow to over 80 million by 2030, as the population ages, life expectancy continues to expand, and chronic conditions rise. Consistent payment supports innovation, access to coordinated care, and improved outcomes for beneficiaries.

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At the same time, the unprecedented strain on the health care ecosystem throughout the pandemic has added to the financial vulnerability of providers. Already, Medicare reimbursements to providers are inadequate and quickly eroding, adding pressure to the system. This is especially true in Northern California, which has the lowest Medicare margins in the United States, despite being one of the most efficient regions in the country when it comes to the delivery of care. In the Sacramento region (MSA), hospital FFS Medicare margins are negative 47%. This level of under-reimbursement is unsustainable, it drives upward pressure on commercial rates, and it will lead to significant access challenges in the coming years if left unaddressed.

Physicians are facing a 3.75% Medicare conversion factor payment cut on January 1, 2022. In addition, the surgeons and specialists are facing even larger cuts because the E&M code overhaul that CMS adopted last year did not include the global surgery package. Moreover, physicians have just experienced a 5-year payment freeze because of MACRA. Finally, due to inconsistent pay-go rule in the American Rescue Plan Act enacted into law earlier this year, physicians are facing an additional unintended Medicare payment cut. Many physician practices have been devastated by the pandemic with varied patient volume, increased overhead due to PPE. Many physicians are considering closing their practices or early retirement, further exasperating access to care.

Combined with an over-extended workforce as we confront the latest COVID-19 Delta variant surge, this is not the time to reduce payments on providers and ask Congress to work with the Administration. Providers cannot sustain payment cuts amid the pandemic. We ask Congress to work with the Administration to stabilize Medicare reimbursements so providers can maintain our focus on managing the pandemic.

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