April 6, 2020

Chairman Mike Francis  
Louisiana Public Service Commissioner–District 4  
222 N. Parkerson Ave  
Crowley, LA 70526  
Email: mike.francis@la.gov

Vice-Chairman Craig Greene  
Louisiana Public Service Commissioner–District 2  
10713 N. Oak Hills Pkwy Ste B  
Baton Rouge, LA 70810  
Email: craig.greene@la.gov

Re: Request to Provide Relief to Louisiana’s Licensed Hospitals

Dear Chairman Francis and Vice Chairman Green:

On behalf of the more than 150 member hospitals and health systems of the Louisiana Hospital Association (LHA), we respectfully request that the Public Service Commission exercise its authority to provide relief to our state’s licensed hospitals that are open 24/7 to fight the Coronavirus during this national emergency.

This crisis has had an immediate and dramatic impact on hospitals, which are facing wildly-increased costs for equipment and supplies, labor associated with ramping up for projected volumes, the physical buildout of surge capacity, and a myriad of other expenses related to the COVID-19 response. These expense increases, coupled with the halting of elective procedures that represent a significant portion of overall hospital revenue, have put extreme liquidity pressure on many of the hospitals in Louisiana.

The situation is similar for both urban and rural facilities, for those hospitals treating high numbers of COVID-19 patients, and for those that have not yet seen a significant volume. Diminishing financial resources and cash flow threaten hospitals’ ability to remain staffed, open and ready to react to the current pandemic. Many hospitals operate on thin or break-even operating margins, and some smaller hospitals in our rural communities operate with less than 30 days cash on hand. Prior to this pandemic, one hospital system’s typical spend on personal protective equipment (PPE) per month was $1 million, but now they are spending $10 million, a 1,000% increase.

While Congress, the Trump Administration, and the governor’s office have taken a number of steps to assist hospitals, the overall impact is impossible to currently forecast. Most of the announced liquidity assistance is weeks, if not months, away; thus, we must examine all options to shore up hospitals’ cash positions in order to maintain continuity of care in our communities, as they work to fight this pandemic. Hospitals not having the immediate cash resources to retain staff and supplies during this public health emergency further threaten our state’s ability to respond to this crisis.

Addressing this pandemic requires unprecedented action by all. We ask the Public Service Commission and the entities that it regulates to consider all options available to assist hospitals during this crisis. We also recognize that emergency healthcare matters are not typically within the purview of the Commission. Please contact me if the LHA or one of our hospitals can provide any additional information.

Sincerely,

Paul A. Salles  
President & CEO