



LOUISIANA HOSPITAL ASSOCIATION

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May 6, 2020

Governor John Bel Edwards
P.O. Box 94004
Baton Rouge, LA 70804

Re: Louisiana Coronavirus Relief Fund Dollars

Dear Governor Edwards:

COVID-19 has dramatically reshaped our lives and has had a profound impact on all facets of the healthcare industry, particularly our community hospitals and health systems. Since March 9, when the first case was reported in Louisiana, our community hospitals have provided inpatient hospital services to more than 1,500 Louisianians. Hospitals and healthcare professionals in our state remain steadfast in their commitment to providing care during these trying times.

Hospitals are experiencing immediate and dramatic impacts caused by increased costs for equipment and supplies, labor associated with preparing for increased volumes, the physical buildout to accommodate surge capacity, and a myriad of other expenses related to the COVID-19 response. These expense increases, coupled with the halting of elective procedures, have put extreme financial pressure on many of the hospitals in Louisiana.

The situation is similar for both urban and rural facilities, those hospitals treating high numbers of COVID-19 patients, and 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.

While Congress has recognized the financial needs of healthcare providers across the country by providing funding to HHS, the distribution of those resources does not fully recognize the unique role that hospitals have played in the response to this pandemic. Hospitals and health systems that are supporting the nurses and physicians to care for patients, building new sites of care to minimize the spread of the virus, and purchasing the ventilators, drugs, testing capabilities and supplies to care for the critically ill, have received a disproportionately low amount of the federal funds given their role. We are strongly advocating for HHS to better target funding for hospitals and health systems, which serve as the nation's primary source of COVID-19 testing and treatment.

As we continue to work to ensure that HHS funding is reaching hospitals, we must also look to dollars sent directly to our state to provide financial support for COVID-19 expenses. Specifically, \$1.8 billion was sent to Louisiana from the Coronavirus Relief Fund (Fund) established by the CARES Act. Guidance issued by the U.S. Department of Treasury outlines that payments from the Fund may only be used to pay necessary expenses related to the public health emergency and provides a list of examples of eligible expenditures focused on medical expenses, payroll expenses for employees responding to COVID-19, and expenses associated with the provision of economic support.

We respectfully request the governor's administration, the state legislature, and local governments to develop a plan for Louisiana to best leverage eligible expenditures incurred by public and private

hospitals to ensure that we fully utilize dollars allocated to the state and provide financial relief to the hard-hit hospitals in our communities.

Examples of eligible hospital expenses are:

1. COVID-19-related expenses of public hospitals and clinics;
2. Expenses of establishing temporary or new medical facilities and other measures to increase COVID-19 treatment and testing capacity, including related construction cost;
3. Payroll, childcare or other living/housing expenses for healthcare employees whose services are substantially dedicated to mitigating or responding to the public health emergency; and
4. A local or state payroll support program for hospital employees.

On behalf of our more than 150-member hospitals and health systems, the Louisiana Hospital Association appreciates your consideration of this request and your leadership during this difficult time. We are committed to working with policymakers to provide any resources or information necessary to develop a process that appropriately reimburses hospitals for eligible expenses not otherwise covered. This pandemic is creating unprecedented challenges for our industry and our country. With the right tools and resources, we will recover. Thank you for everything you are doing to defeat this virus and to care for your communities.

Sincerely,



Paul A. Salles
President & CEO