

March 31, 2022

[Sent electronically]

Dear Member of the Illinois Congressional Delegation:

On behalf of our more than 200 member hospitals and nearly 40 health systems, the Illinois Health and Hospital Association (IHA) thanks you for your leadership in Congress and requests your continued support for hospitals and health systems by including critical priorities in upcoming legislation.

The cumulative financial pressures of the pandemic have pushed some Illinois hospitals to the financial brink. Prior to the pandemic, more than 40% operated at negative or very slim margins (2% or less), and according to a recent Kauffman Hall report, hospitals nationwide saw a median operating margin decline of nearly 12% between January and February of this year. The Omicron surge, higher resource costs, longer lengths of stay, higher patient acuity and ongoing challenges related to the labor shortage and supply chain disruptions have taken their toll.

IHA requests your immediate action on the following issues to help ensure hospitals may direct extremely limited resources where they are needed most.

Pause repayment of Medicare Accelerated and Advance Payments

At the beginning of the pandemic, Congress provided these short-term loans as a financial lifeline. Now, on the heels of the Omicron surge, and as the pandemic enters its third year and hospitals are incurring historic workforce costs and higher resource expenses, the loans have once again come due. These payments can be especially difficult for hospitals serving rural and underserved communities and amount to millions of dollars each month for some Illinois hospitals.

For example, a hospital in suburban Chicago must pay \$4 million each month to repay its accelerated loan balance. The payments are required by the federal government despite the hospital incurring nearly \$10 million in losses between December and February due to the Omicron surge, which was the third and largest for the hospital. The hospital has experienced a higher COVID-19 patient census, longer lengths of stay—including numerous patients with stays over 30 days—and is also paying nurse staffing agencies \$2.5 million each month.

IHA asks Congress to provide a six-month suspension of repayment of Medicare accelerated loans. This targeted, temporary relief does not require new federal

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funding, yet would provide immediate and meaningful relief to Illinois hospitals and health systems.

Extend the Hospital at Home waiver program and other telehealth flexibilities

IHA supports the temporary federal waivers allowing hospitals to stand up expanded hospital at home programs, through which qualified patients may receive care in their homes. Several hospitals in Illinois have either established a hospital at home program or are in process of doing so. These programs, which have the potential to improve health outcomes and lower costs, require investment of financial and other resources, making it important Congress extend the program so that data, best practices, and other information is available to inform the development of a longer-term program. IHA supports the Hospital Inpatient Services Modernization Act (S. 3792/H.R. 7053) to extend this program for two years.

Additionally, IHA appreciates that Congress recently passed legislation to extend and expand telehealth flexibilities for 151 days following the end of the COVID-19 public health emergency (PHE). We also urge Congress to ensure critical access hospitals have the flexibility to continue providing telehealth care for patients and communities.

Extend Medicare sequester relief

IHA appreciates the Medicare sequester relief Congress has provided to date; however, without further action, Illinois hospitals will incur \$118 million in Medicare sequester cuts in 2022. IHA urges Congress to extend the moratorium on Medicare sequester cuts through the end of the PHE or December 31, 2022, whichever is later.

Provider Relief Fund

IHA urges Congress to add additional money to the Provider Relief Fund to help address the tremendous financial strain caused by the Delta and Omicron variants and to extend the deadline for spending previously distributed funds.

IHA thanks you for your ongoing work on behalf of our state, and we look forward to working with you to ensure the healthcare system is prepared to meet present and future challenges. Please contact Sarah Macchiarola, Vice President of Federal Relations at smacchiarola@team-iha.org or (630)276-5645 with any questions or for additional information.

Sincerely,

A.J. Wilhelmi
President & CEO
Illinois Health and Hospital Association