



The Honorable Kate Brown  
Governor, State of Oregon  
900 Court Street NE  
Salem, OR 97301-4047

*(sent electronically)*

April 6, 2020

Dear Governor Brown,

Oregon's hospitals and health systems face an unprecedented challenge. On one front they are preparing for and responding to the COVID-19 pandemic with limited personal protective equipment (PPE) and liability protections – a recipe for an anxious and fearful health care workforce. On another, hospitals' finances have deteriorated dramatically as a direct result of actions taken to protect our communities. These actions, while the right steps to protect the health of Oregonians, have resulted in plummeting revenues of 40-60%. Volumes have dropped as patients have avoided emergency departments, clinics and other outpatient services, and elective procedures have been canceled to preserve PPE. At the same time revenues are dropping, costs to respond to COVID-19 are increasing. While we are doing all we can to maintain the necessary workforce to serve our communities, hospitals cannot weather this storm without direct financial support.

Business is not as usual for our hospitals and health systems.

Labor costs are the largest and most important costs for hospitals, representing 50- 60% of total costs. When revenue drops substantially, it jeopardizes the ability of a hospital to maintain its workforce. At a time of significant community need, hospitals are having to make very difficult decisions about how to keep their doors open, maintain services and retain staff. Hospitals are having to wrestle with how to maintain a workforce when the facility does not have work for staff to do or revenue coming in to maintain their employment. Hospitals are implementing a variety of strategies, including reductions in hours and salary, paid furloughs, transitioning to per diems and layoffs. The latter strategy is a last resort, and the hardest decision to make. OAHHS is aware of layoffs and other workforce reduction plans in various stages of implementation, which are sometimes necessary to ensure the viability of the hospital. These decisions are not easy.

We applaud the actions the Oregon Health Authority has taken to push existing funds to Coordinated Care Organizations and encourage directing those dollars to hospitals. OHA provided guidance that funds be provided to hospitals in financial distress, but there is nothing requiring the CCO do so. These funds, while greatly appreciated, are not new funds but moving resources earlier in the payment cycle. They will also not be enough to sustain a hospital that needs millions of dollars month after month to meet payroll.

In addition, OHA has released the remaining \$1.8 million in funds from the Rural Health Initiative. This will give each of the 33 small and rural hospitals approximately \$56,000. While every bit of support helps, the dollar amounts are small compared to the need.

Finally, Congress recently took significant action to support the healthcare system by passing the CARES Act. The CARES Act will provide important help to hospitals, through elimination of previously scheduled reimbursement reductions, add-on payments for the care of COVID-19 patients, small business loans and direct hospital support. However, it is not yet clear how CMS will allocate the direct hospital support and if that allocation methodology will be a fair one for a state like Oregon that has expanded Medicaid. Under the best case scenario, the distribution of those funds may not be enough and may not be soon enough. The only way some hospitals will survive this crisis is for the federal government, state government and private payers to work together to support hospitals.

Further immediate action is needed. We ask that you act within your authority to use all available resources to stabilize our hospitals and health systems. OAHHS and its members urge you to create a Hospital COVID-19 Stabilization Fund and appropriate upfront funds to ensure that critical health care services are available for our communities. Access to upfront resources to alleviate the immediate impacts of COVID-19 will support healthcare facilities and staff on the frontlines. Hospitals need financial help to ensure that they can maintain an adequate workforce, purchase critical supplies, create necessary infrastructure for the response, and keep their doors open and staff available to care for patients and communities during this emergency. These are costs that cannot be recouped through reimbursement alone.

We recommend the following actions be taken immediately:

### **1. Hospital COVID-19 Stabilization Fund - \$200 Million**

- \$200M Hospital Stabilization Fund – Immediately allocate new state funding directly to hospitals to address initial urgent needs of hospitals so they can continue providing services. A portion of these funds should be specifically dedicated to Oregon’s small and rural hospitals to stave off health care workforce reductions in rural communities as services either decline voluntary or as a matter of national or essential statewide policy. It is vital that rural communities maintain their health care workforce and that local community hospitals remain viable during this time.

For all hospitals, these funds can be used for cross-training to redeploy health care workers to immediate needed areas, hiring to meet required staffing levels, expanding services such as call centers and hotlines, standing up emergency operation centers, addressing cash flow challenges as a result of suspension of services, etc. These funds would be for non-reimbursable items and costs not covered by any other state or federal funds that may be available but not yet allocated including those covered by commercial health insurance, Medicare, Medicaid or other health care coverage under current benefit structures.

### **2. Invest the Federal Increase on FMAP Rates for Health Care.**

- The federal government increased Medicaid FMAP rates by 6.2%. These dollars should go to Medicaid and hospitals first and then to fund additional health care needs.

### **3. Enhanced Reimbursements for Facilities**

- Finally, we urge you to enhance reimbursements for nursing facilities to ensure hospital access and capacity; treatment of patients affected with COVID-19; and

hospital and provider services for uninsured, underinsured and unhoused as we develop and deploy capacity across the entire healthcare system.

While we do not yet know the full extent of the impact COVID-19 will have on our healthcare system or state's economy, it is imperative that we act now to preserve our health care infrastructure. We appreciate the challenge you face in balancing requests to limit the devastating impacts COVID-19 will have on our state's economy and access to healthcare. Our healthcare providers are on the front lines today, and our communities desperately need their services during this pandemic. We respectfully ask that you do what is within your executive power to ensure hospitals will not close during this critical time.

Respectfully,



Becky Hultberg  
CEO and President, OAHHS



Joe Sluka  
OAHHS Board Chair, CEO St  
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Charlie Tveit  
Chair of the Small and Rural  
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Cc: Senate President Peter Courtney  
Democratic Leader Ginny Burdick  
Republican Leader Herman Baertschiger

Speaker of the House Tina Kotek  
Democratic Leader Barbara Smith Warner  
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