

May 8, 2020

Mr. Alex M. Azar II
Secretary
U.S. Department of Health and Human Services
Hubert H. Humphrey Building
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Azar:

The significant economic consequences of the COVID-19 pandemic have put our health care system, and many of its providers, particularly safety net providers serving predominately Medicaid beneficiaries and the uninsured, at risk of closing their doors. Extraordinary costs associated with the assessment and treatment of COVID-19, coupled with the significant monetary outlay required to ensure the safety of health care workers have overwhelmed the finances of these already cash-strapped providers. In addition, there has been, and continues to be, a significant drop in elective procedures, partially driven by ‘stay-at-home orders’ across the country. This decline has resulted in a considerable loss of revenue for providers that has exacerbated longstanding concerns about the financial stability of the primary care system.

Preserving health provider capacity for Medicaid and Dually Eligible Medicare/Medicaid beneficiaries is critical. We believe that actions taken today – or not taken – will make a difference in whether safety net providers can continue to provide access to care for our nation’s most vulnerable populations.

Medicaid Health Plans of America (MHPA) is the only national trade association with a sole focus on Medicaid, representing more than 90 Medicaid managed care organizations (MCOs) that serve more than 23 million Medicaid beneficiaries in 37 states. Managed care plays an essential role in the delivery of meaningful and relevant health care services to Medicaid beneficiaries. Most states have implemented some model of managed care in place and 40 states, including the District of Columbia, contract with comprehensive, risk-based managed care plans to ensure appropriate health care service delivery to at least some of their Medicaid beneficiaries. Medicaid health plans, states, and providers are partners within the Medicaid health care delivery ecosystem that provides access to critically needed care for America’s most vulnerable populations.

Medicaid has and will continue to play an essential role in connecting at-risk beneficiaries to testing and treatment for COVID-19 for the foreseeable future. As a source of coverage for one in five Americans, Medicaid providers are the safety net for vulnerable populations serving more than 75 million low-income Americans. Due to the broader impact of COVID-19 on the job market, overall enrollment in the Medicaid program is expected to rise as unemployment increases and people lose their employer-based health coverage.

We are writing to underscore that the COVID-19 pandemic has financially strained our nation's safety net providers serving the Medicaid population and the uninsured. Federally Qualified Health Centers (FQHCs), for example, serving over one in six beneficiaries in Medicaid, have experienced a precipitous drop in net revenue, in the range of 70 to 80 percent.¹ Such dramatic funding shortfalls raise concerns about the ability to maintain staff, purchase needed supplies, or to even remain open.

The federal government has taken important steps to address the immediate and intensive health care and economic issues caused by the coronavirus pandemic. We also believe that additional steps must be taken to ensure that payments are directed to providers who serve our nation's most vulnerable populations particularly those providers who predominately or solely serve Medicaid beneficiaries, to allow their continued operation.

MHPA and our member plans ask and encourage the Secretary to take action to ensure access to care today and in the future for the vulnerable Medicaid and Dually Eligible populations who access care and services through the Medicaid health care delivery system. We believe working to preserve safety net provider capacity in state Medicaid programs is foundational to facilitating access to care for Medicaid beneficiaries, ensuring the financial sustainability of the Medicaid program in the long term, and mitigating the prospects of an exacerbated public health crisis.

Our Recommendation

The Coronavirus Aid, Relief, and Economic Security (CARES) Act included \$100 billion in funding for providers that was augmented with \$75 billion signed into law in the Paycheck Protection Program and Health Care Enhancement Act.

MHPA supports a transparent and targeted distribution of available funds for Medicaid safety net providers with the greatest needs; we recommend the application of guardrails to support the appropriate and responsible distribution of funds and to maximize their effectiveness. The recommended guardrails are as follows:

- **Target provider capacity issues where providers are at the greatest risk.** Medicaid's safety net providers are at the core of the Medicaid health care delivery system and at the greatest financial risk. Protections are needed to facilitate expeditious access to funding for providers that may not meet current criteria (e.g. be a Medicare-enrolled provider) for the distribution of government funds but have immediate and great resource needs.
- **Safeguards to ensure equity and alignment of limited resources.** As funding is made available, we believe a process for identifying providers who have received distributions and that tracks the amount of the distribution would support transparency and ensure that safety net providers who care for the most vulnerable populations are being helped. This approach would provide clarity for the big picture of resource allocation and empower state stewardship of in-state funding to direct state-level dollars to the providers who may not have accessed sources that were available earlier. Further, previous allocations of funding have relied on prior years'

¹ <https://www.nachc.org/wp-content/uploads/2020/04/NACHC-ltr-to-Sec-Azar-re-100B-FINAL.pdf>

net revenue, which potentially advantages larger and less cost-efficient providers and disadvantages smaller and non-profit or low-margin safety net providers. Allocation methodology should address this potential funding disparity.

- **Transparent process.** Any process to implement and administer funds should be a transparent and clear process that engages state partners to help support front-line safety net providers. A transparent process would promote awareness and encourage participation by Medicaid safety net providers who could benefit from this support. Providers that serve Medicaid beneficiaries include, but are not limited to, FQHCs, rural health clinics, behavioral health providers, and home- and community-based service providers.
- **Accountability mechanism.** Funding amounts should be reasonable, taking into consideration past claims and current capacity levels. Participating safety net providers should be held accountable for accepted funds subject to future state audits.

MHPA is supportive of the recent request sent by the Center for Medicaid and CHIP Services to state Medicaid directors seeking Medicaid fee-for-service and managed care provider revenue data for calendar years 2018 and 2019 and hopes the collection of this data will result in the Department quickly developing a plan for equitably and transparently providing meaningful fiscal relief to Medicaid safety net providers most in need of such assistance.

Thank you for your attention to this important matter. Please feel free to reach out to me directly at (202) 857-5771 or to Shannon Attanasio, Vice President, Government Relations and Advocacy at (202) 857-5723 or sattanasio@mhpa.org with any questions or should you need any additional information.

Sincerely,



Craig A. Kennedy, MPH
President and CEO
Medicaid Health Plans of America