



Oct. 1, 2020

Alaska Congressional Delegation

Senator Lisa Murkowski

Senator Dan Sullivan

Representative Don Young

Dear Senators and Representative,

The Alaska State Hospitals & Nursing Home Association (ASHNHA) would like to alert you to a serious issue our membership is facing with the COVID-19 Provider Relief Fund (PRF) reporting requirements outlined in the Department of Health and Human Services' (HHS) September 19 [notice](#). The notice redefines both expenses and lost revenues attributable to COVID-19.

This is problematic because providers have been operating under a definition provided in the June 19 [FAQ](#) and have built their financial tracking systems around the previous definition. This midstream change creates many problems, especially for facilities that are already at the end of their fiscal year and may have already completed their financial audits (i.e. for fiscal years ending 6/30/20).

Our specific ask to HHS is that the June requirements, which stated that lost revenue was any revenue that a health care provider lost due to COVID-19, should replace those outlined in HHS's Sept. 19 notice. Without this change, we fear that the new definition will require hospitals, especially those in rural areas and serving vulnerable communities, to return PRF funds.

Here is more background on the issue:

The Coronavirus Aid, Relief, and Economic Security (CARES) Act and subsequent legislation increased funding for the Public Health and Social Services Emergency Fund in order to reimburse eligible health care providers for health care-related expenses and lost revenues attributable to COVID-19. The law specified that recipients of this fund must submit reports and maintain documentation to ensure compliance with payment.

In a [June FAQ](#), HHS stated that hospitals could “use any reasonable method of estimating the revenue during March and April 2020 compared to the same period had COVID-19 not appeared. For example, if [hospitals had prepared a budget] without taking into account the impact of COVID-19, the estimated lost revenue could be the difference between ... budgeted revenue and actual revenue. It also would be reasonable to compare the revenues to the same period last year.”

However, on [Sept. 19](#), HHS issued a new definition of lost revenue, stating that it was “represented as a negative change in year-over-year net patient care operating income.” It



specified that after covering the cost of COVID-19-related expenses, hospitals generally only will be able to apply PRF payments toward lost revenue up to the amount of their 2019 net patient operating income.

Hospitals in Alaska have been relying upon the PRF distributions to help manage the financial losses caused by this unprecedented public health crisis and support the response to COVID in their communities. Retaining these funds as outlined under HHS's June FAQ will help them continue to serve the patients and communities who depend on them.

Thank you for your consideration and assistance with this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Kosin".

Jared C. Kosin, J.D., M.B.A
President & CEO