

# COVID-19 Hospital Status Update

May 22, 2020

**Oregon**  **Association  
of Hospitals and Health Systems**

# Financial Impacts of a Pandemic

## Q4 2019

- Operating margins were about 4.18% statewide
- Payroll and benefits accounted for 50% of expenses

## Initial Estimates

- Over \$600M operating losses in March and April
- \$13M/day lost revenue
- 41% reduction inpatient revenue (aggregate)
- 73% reduction inpatient revenue (rural hospitals)

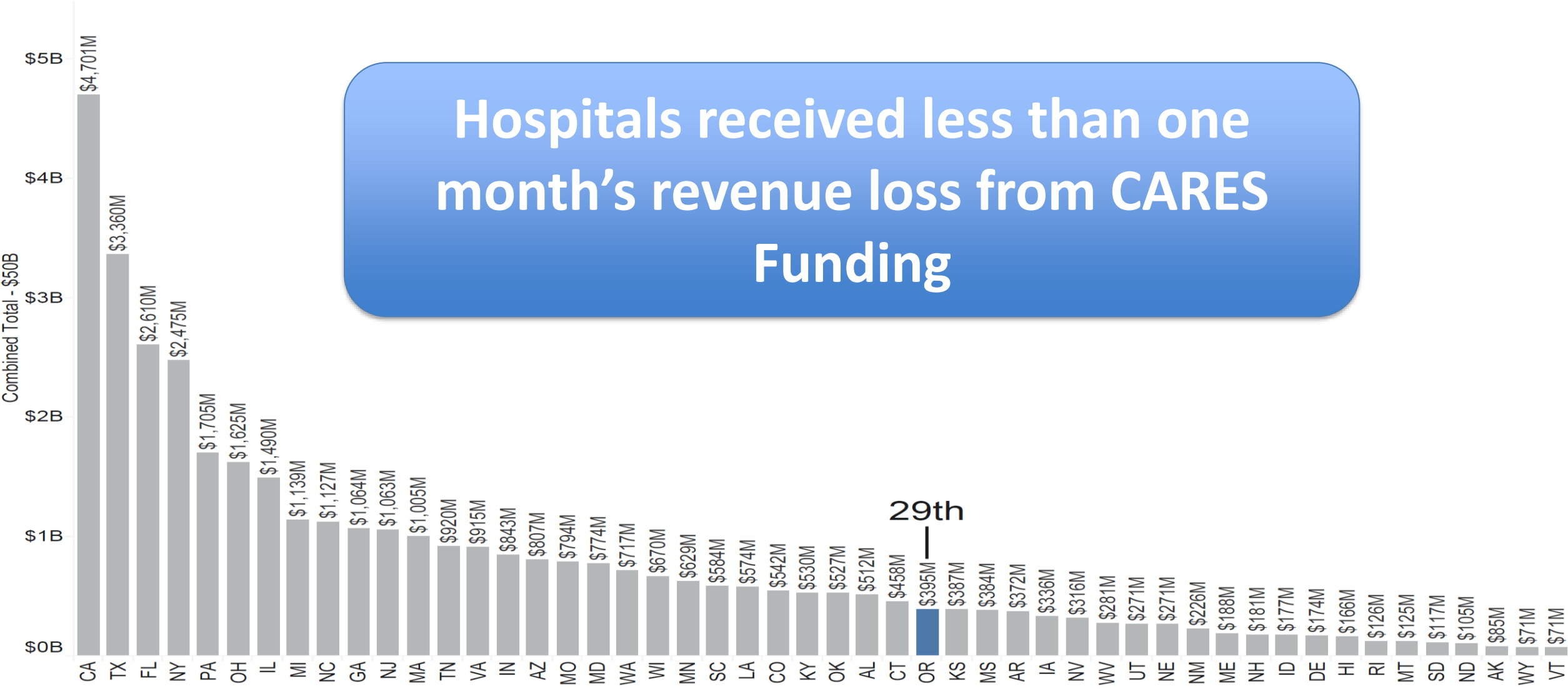
# Unexpected Costs Associated with COVID

- Increased costs associated with preparing and responding to COVID-19 pandemic
  - \$24 million on supplies such as lab testing/screening, personal protective equipment (PPE), pharmacy, ventilators and associated freight shipping due to COVID-19
- Workforce retention costs
  - Estimated FTE reduction reported by the end of April is 1,094, which is about 2.6% of Total Full-Time Hospital Unit Personnel Count (based on 2018 AHA survey)<sup>2</sup>

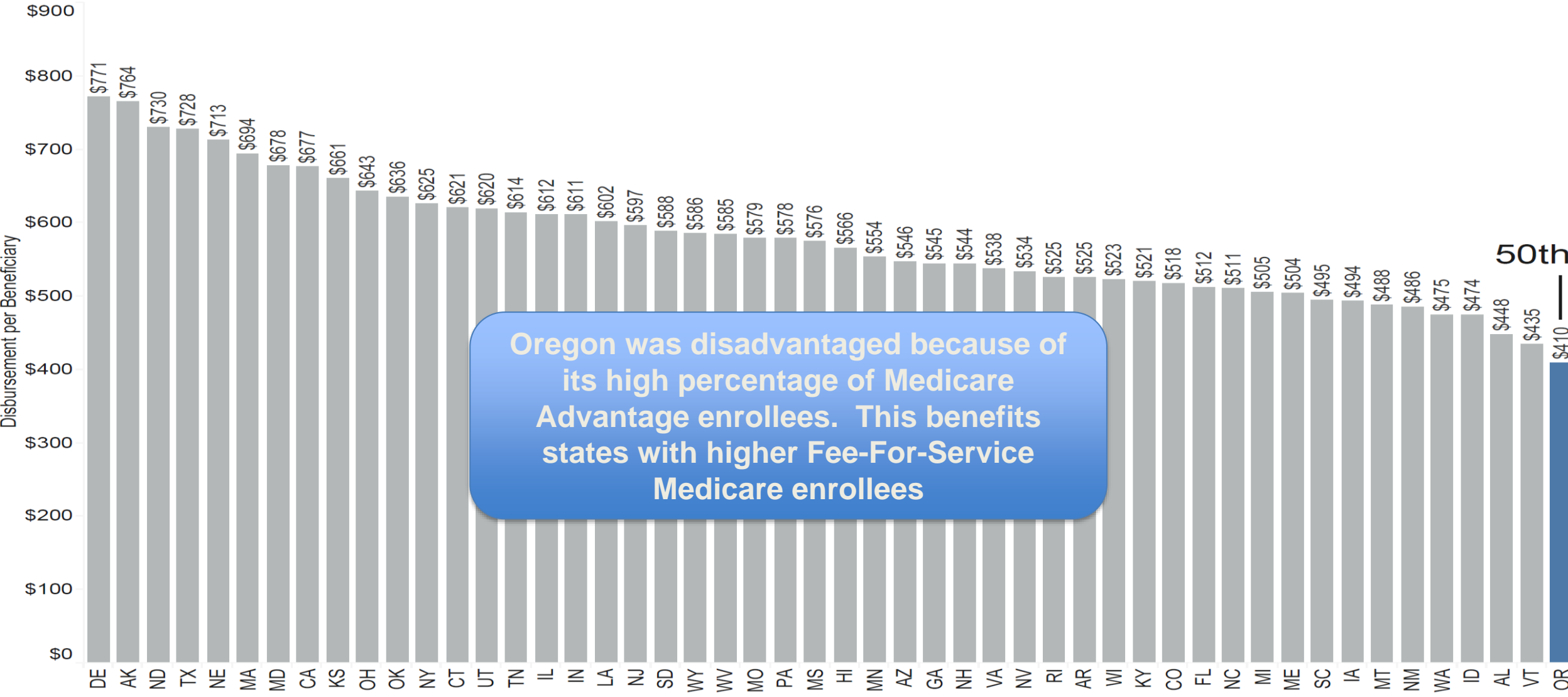
<sup>1</sup>Based on 50 out of 60 acute care hospitals responses    <sup>2</sup>Adjusted for hospitals not reporting

# Disbursement for all Eligible Providers through April 24th CARES (\$50 Billion)

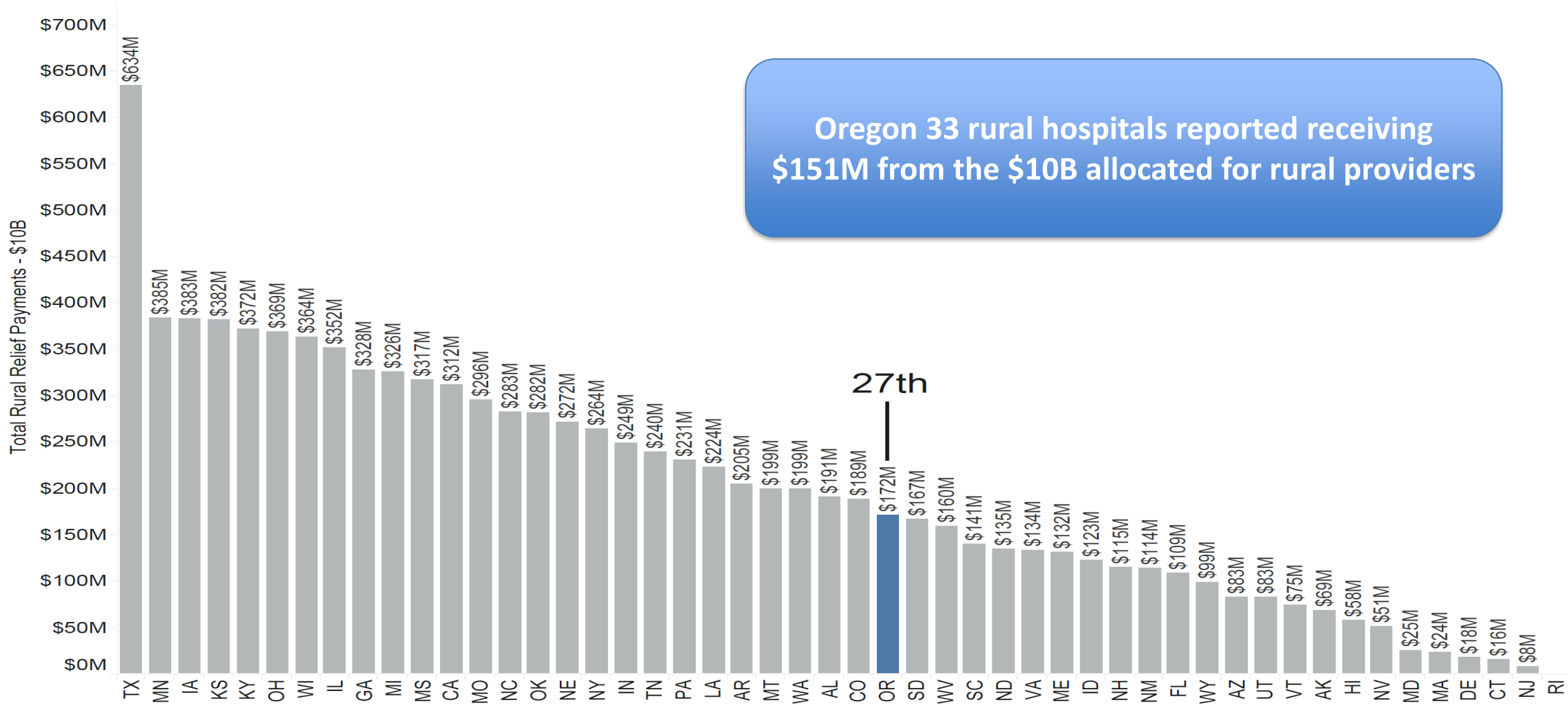
Hospitals received less than one month's revenue loss from CARES Funding



# Estimated Disbursement per Eligible Medicare Beneficiaries CARES (\$50 Billion)



# Allocation for Rural Providers CARES (\$10 Billion)



Oregon 33 rural hospitals reported receiving \$151M from the \$10B allocated for rural providers

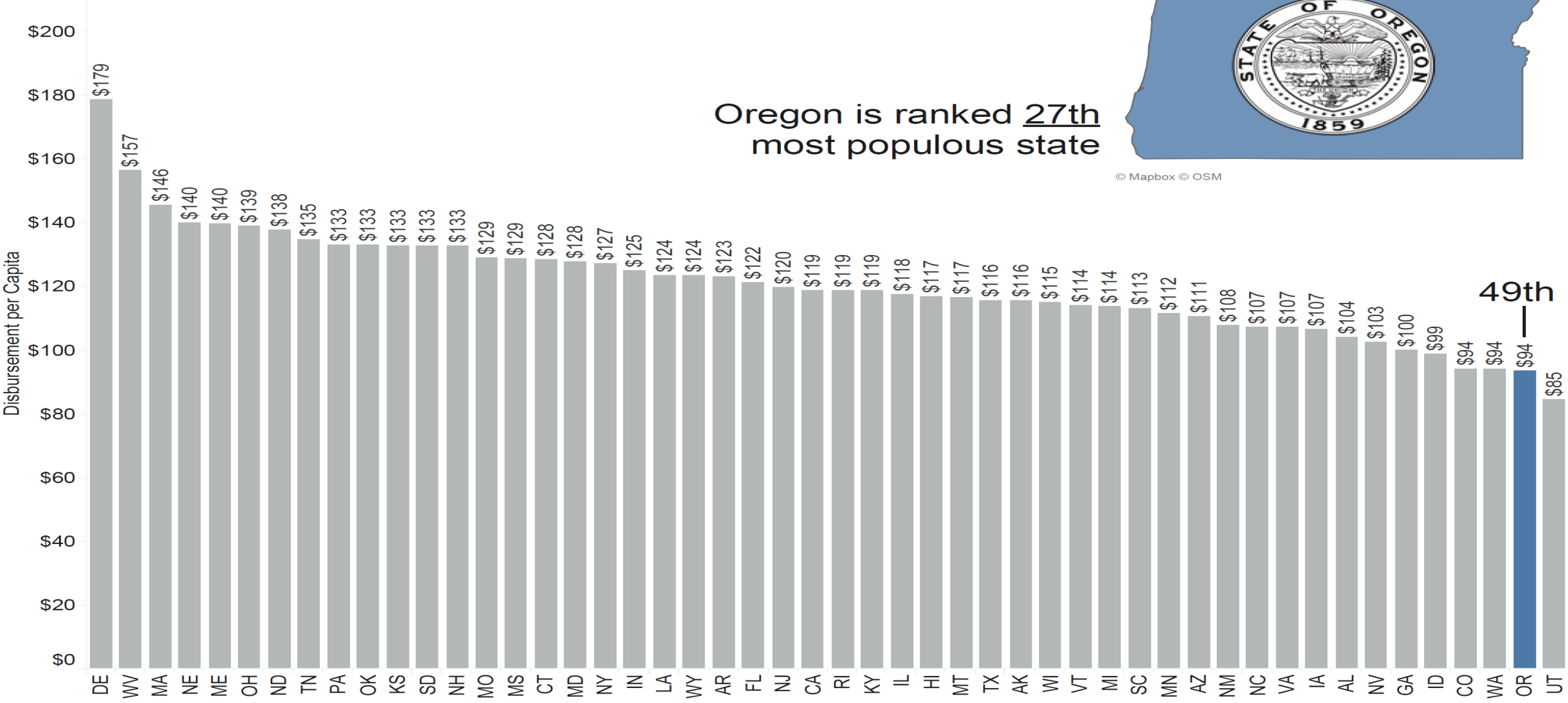
27th

# Estimated Disbursement per Capita CARES (\$50 Billion)



Oregon is ranked 27th most populous state

© Mapbox © OSM



# CARES ACT: *Provider Relief Fund*

## Positive policy changes to ease up funding

- Enhanced Medicare payment for COVID patients
  - 20% Medicare payment increase
  - No help for those that don't see COVID-19 patients
- Medicare accelerated payments
  - **Loaned payments for services hospitals EXPECT to deliver**
- Paycheck Protection Program (Small Businesses Administration)
- Federal Payroll Tax Delay

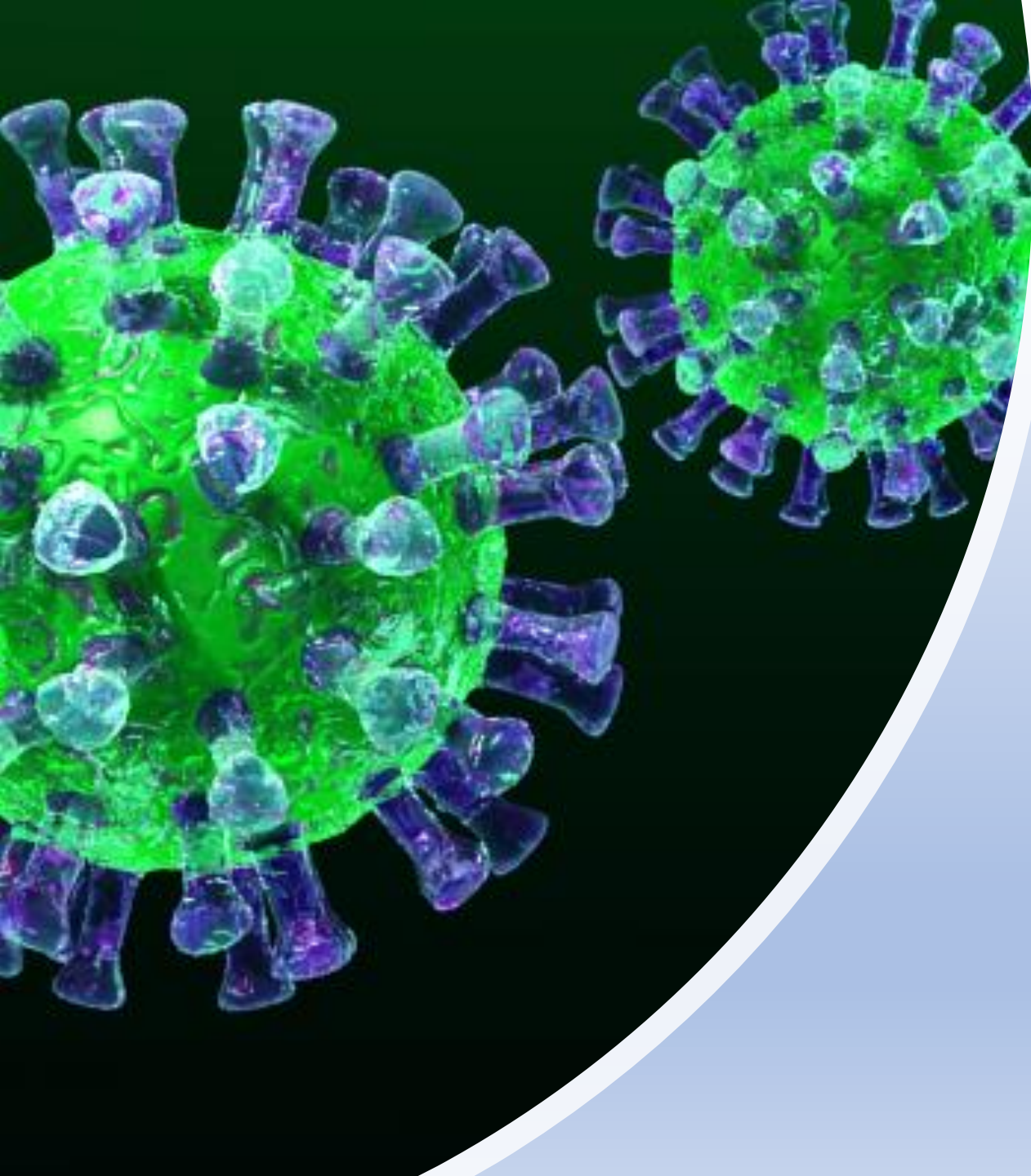


# Medicaid

- Increased in FMAP rates is helpful, need to ensure that these additional resources should all be directed to support hospitals and providers
- Medicaid enrollments are anticipated to increase based on national estimates
  - **Estimates between 149,000-320,000 enrollees**
- At the onset of COVID, OHA was helpful in pushing some early money to hospitals via CCO payments (using existing budgeted funds)
  - 2019 CCO quality pool payments **happening sooner**
    - \$100M (60% of 2019 total)
    - Bases on OHA reporting from CCOs, only one CCO reported direct funding to hospitals
  - Suspending 2020 CCO quality withhold starting April 1 by CCO;
    - **Funding added to CCO capitation rates**
    - **Variable how used if at all** across CCOs for providers including hospitals with current OHA guidance
- **Prioritizing healthcare, will ensure that access and coverage for Oregonians on the Oregon Health Plan will help as we begin to move into the recovery phase.**

# Prioritizing Health Care

- Hospitals and health systems continue to support efforts to stabilize the healthcare system in its response and recovery of COVID-19
  - March 9, Letter to Emergency Board
  - March 24, Letter to Joint Committee on Coronavirus Response
  - April 30, Letter to Emergency Board
- Our request has been the creation of a *Hospital Stabilization Fund*
  - Including initial focus for most at risk rural hospitals
  - Dedicated to ensuring health care jobs and protection of health care services
  - Offset the increased cost in responding to the pandemic so that hospitals can deliver high quality care in our communities today and in post-COVID



# QUESTIONS?

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