Why Medicare accelerated payment loan forgiveness is needed now.

1. Hospitals are facing their most severe economic crisis in more than 50 years.
   a. According to a KaufmanHall report released April 22, hospitals' median Operating EBITDA Margins fell more than 100% in March, dropping a full 13 percentage points relative to last year, bringing the median margin into negative territory. This represents a dramatically greater change than seen in past months, as illustrated in the chart below. For example, the median Operating EBITDA Margin change was up just 1 percentage point in March 2019, and down 1 percentage point in February 2020. Margins likely fell even further in March across broader health systems, which often include substantial physician and ambulatory operations outside of the hospital.

2. Hospitals are furloughing tens of thousand of employees, including clinicians.
   a. Altarum, a nonprofit health research and consulting firm, reported last week that 43,000 health workers lost their jobs in just the first month of the crisis. Most of the losses were among non-hospital workers that are employed at physician and dentist offices that closed amid statewide lockdowns. However, the trend has now expanded to hospitals. Click here for a sample of hospital layoffs in the first week of April.

3. Hospitals will receive only 55-60 percent of the $175 billion in grants appropriated by Congress, as the remainder will be spread among all other health care providers.
   a. Hospitals, while very grateful for the funds they have received, believe that the grants will fall far short of what is needed through the rest of 2020 and into the first quarter of 2021.

4. The CDC expects the coronavirus to return in the fall of 2020 – without additional funds, hospitals will be significantly under-resourced to manage another pandemic this soon. (See CDC statements.)

5. Many hospitals – the front-line of defense against a viral pandemic – could be shuttered unless their finances are stabilized.
   a. According to the KaufmanHall report: Not only are hospitals the frontlines for the battle with COVID-19, but healthcare also accounts for 18% of U.S. Gross Domestic Product. Hospitals account for a third of that, employing more than 7 million people. Without financial support, hospitals' abilities to help will be impaired, some hospitals will be forced to close, and many healthcare workers will lose their jobs. The societal, economic, and public health impacts will be dire.

6. Forgiving the accelerated payments will reduce the Medicare Trust Fund BUT the federal government was already preparing to address this issue since the trustees say the fund will be broke in six years.
   a. Congress must address Trust Fund solvency within the next several years anyway.
   b. The pandemic has created a once-in-a-lifetime national crisis that calls for extraordinary measures.
   c. All funds will be used exclusively to pay for Covid-19 and pandemic related expenses.
   d. What good is a trust fund if hospitals are unable to meet the healthcare needs of the nation in a crisis?