



April 3, 2020

Mr. Alex Azar
Secretary
U.S. Department of Health and Human Services
Hubert H. Humphrey Building
200 Independence Avenue SW
Washington DC20201

Dear Secretary Azar,

I am writing on behalf of our nation's 1,400 Community Health Centers (also known as FQHCs), and the nearly 30 million medically-underserved patients they serve in more than 12,000 locations across the country.

To begin, we would like to thank you for the confidence you have placed in FQHC throughout your tenure as Secretary. We were deeply honored when you spoke at our annual conference in March 2018, stressing the many ways that FQHCs are leaders in health care delivery transformation. We also appreciated that you had committed to speak at our conference last month, before the COVID-19 pandemic required all of us to alter our plans.

While much has changed over the past month, one thing has remained constant: FQHCs' commitment to partner tirelessly with you and other safety net providers to ensure access to timely, affordable care for all individuals, regardless of ability to pay. To ensure our continued ability to fulfill this commitment, we are writing with an important request. ***In recognition of the critical role that FQHCs are serving on the front lines of the COVID-19 pandemic, and the drastic revenue losses they are experiencing as a result, we request that you immediately allocate at least \$3.1 billion from the Public Health and Social Services Emergency Fund (PHSSEF) to enable FQHCs to keep their doors open.***

As the backbone of the nation's primary care safety net, FQHCs care for our nation's most medically-vulnerable individuals -- including persons experiencing homelessness, migrant farmworkers, and uninsured persons -- regardless of ability to pay. Roughly three-quarters of FQHCs' patients have incomes below the Federal Poverty Level, and another 20% have incomes between 101% to 200% FPL.

Since the start of the COVID-19 pandemic, FQHCs across the country have experienced a precipitous drop in net revenue, often in the range of 70% to 80%. This drop is due to many factors, including:

- Dramatic drops in regular in-person visits, due to: stay-at home orders; patients' fear to come to the health center due to risk of exposure; and the need to discontinue major service lines such as school-based care and dental services in order to focus on COVID-19.
- Declines in capacity as growing numbers of FQHC providers are sidelined due to exposure to or infection with COVID-19, and/or are asked to relieve providers at hospitals.
- Expenses related to providing COVID-19 care – Personal Protective Equipment, tents to set up drive-through testing sites, additional cleaning, testing kits, etc.

These factors are causing many FQHCs' net revenues to drop by 70% to 80%. As a result, FQHCs across the country are being forced to close sites and furlough staff – even though:

- ***In the immediate moment, FQHCs are desperately needed to help keep at-risk patients safe and out of the hospital.*** FQHCs care for many of our nation's most medically and economically-vulnerable individuals. As these individuals face health and financial challenges related to this outbreak, they need a place where they are guaranteed to receive care promptly regardless of ability to pay. Without FQHCs to fill this need, patients will frequently delay care, leading to worse health outcomes and increased risk of spreading the virus.
- ***Once we "turn the curve" on the pandemic, the demands on the primary care safety net will be significantly higher than they were before.*** Once the worst of the pandemic is behind us, there will likely be tens of millions of Americans who have lost their jobs, health insurance, and/or savings. These individuals will need a place where they can be guaranteed to receive care, regardless of their ability to pay. Also, many current FQHC patients will seek care for services they delayed due to COVID-19. Consistent with their mission, health centers will strive to meet this surge in demand -- but they will need to be on solid financial footing in order to do so.

While Congress has appropriated \$1.4 billion to assist FQHC grantees with the costs associated with COVID-19, this amount will cover only a fraction of the losses they are incurring. Our data indicates that FQHCs are experiencing a \$1.5 billion reduction in net revenues every month of the pandemic. Thus, the \$1.4 billion directly appropriated by Congress does not cover even a full month's worth of losses. Our request is based on the assumption that current trends will continue for roughly three months; please note that ***if the current disruptions to FQHCs' net revenue continue beyond three months, or if they become even more extreme than they are at present, we will need to request additional funding through the PHSSEF.***

Therefore, on behalf of our nation's 1,400 Community Health Centers and the nearly 30 million medically-underserved patients they serve, ***we respectfully request that HHS provide FQHCs with \$3.1 billion of PHSSEF funds immediately.*** This amount is calculated as total losses over 3 months (\$4.5 billion) less the amount appropriated by

Congress (\$1.4 billion.) In terms of the allocation and distribution of these funds, we make the following recommendations:

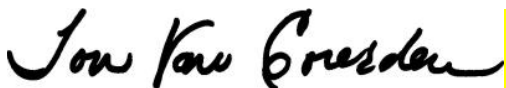
- 1) Given FQHCs' dire cash flow needs, HHS should provide these funds as rapidly as possible, without requiring an application to be submitted and reviewed in advance. These upfront funds can later be reconciled with actual expenses as documented in an application, with any excess amount repaid as appropriate.
- 2) Relative to other FQHCs, HHS should provide an additional 20% funding to each of the following three subgroups of FQHCs*:
 - a. **FQHC Look-Alikes**: Like all FQHCs, these health centers meet the stringent requirements of Section 330 of the Public Health Service Act; however, unlike most FQHCs, they do not receive Section 330 grant funds at this time. As a result, Look-Alikes will receive none of the \$1.4 billion in funding that Congress appropriated specifically for health centers.
 - b. **FQHCs with over 500 employees**: These FQHCs care for over one-quarter of all health center patients across the country. Because of their size, they are ineligible for the Paycheck Protection or Emergency Paid Leave programs created by Congress in response to COVID-19.
 - c. **FQHCs in "hot spots"**: Health centers who are hardest hit by the epidemic face even more dramatic challenges and are in need of additional support. (This is similar to the proposal offered by the American Hospital Association.)

*FQHCs that fall in more than one of these three categories (e.g., look-alikes located in "hot spots") should receive consideration of their multiple challenges via a 40% increase over their visit-based amount.

NACHC supports applying similar policies – e.g., providing funds before an application is submitted, 20% increase for providers in "hot spots" -- to other provider types as appropriate.

In closing, we thank you for your continued partnership, and pledge to work tirelessly with you in the weeks and months ahead.

Sincerely,



Tom Van Coverden
President and Chief Executive Officer