

June 17, 2020

The Honorable Alex Azar
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

RE: Urgent need to support faculty practice plans in future PHSSEF disbursements

Dear Secretary Azar:

As presidents and chief executive officers of the nation's leading academic medical centers, we commend the Department's diligent effort to ensure swift and fair distribution of the Provider Relief Fund (the "Fund") established in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act, P.L. 116-136) and expanded in the Paycheck Protection Program and Health Care Enhancement Act (P.L. 116-139). We write today to reinforce the June 3 letter from the Association of American Medical Colleges (AAMC) and express serious concern that even after several rounds of disbursements, with applications for some institutions still pending, the relief provided to academic health centers' faculty practice plans – physicians who have provided critical expertise in clinical care, research, and clinical operations as frontline responders to the COVID-19 emergency – remains inadequate. Faculty physician practices in all states have sustained significant losses and may never fully recover revenues lost during the pandemic. While we acknowledge the inherent complexity and technical challenges of Fund distribution decisions and logistics, faculty practice plans bear increasing costs as they respond to the crisis. From a public health and economic perspective, we cannot afford any further delay and request consideration for relief reflecting our unique challenges.

These plans typically are very large (averaging just under 1000 physicians per group) multi-specialty group practices comprised of teaching physicians who work at academic medical centers and serve higher proportions of complex and vulnerable patients. They employ thousands of additional clinical and administrative support staff. The physicians in these plans are generally on faculty at a School of Medicine and practice within its affiliated health system. The faculty are respected experts in their respective fields and are often sought out for highly specialized patient care. In addition, these practices are engaged in research and provide a critical training ground for the next generation of physicians, routinely hosting medical students, training residents and supporting other learners.

Most importantly, during the pandemic, our faculty physicians have often been the backbone of regional response networks. Our emergency rooms remain open to anyone in need, with experts in medical specialties available around the clock. The care provided by the physicians in these plans during the pandemic has been instrumental in ensuring that patients get necessary testing and treatment, which has eased the burden on community hospitals already overwhelmed with a surge of COVID-19 patients. However, as physicians employed by a larger not-for-profit or public university, these practices are not eligible for small business grants or loans and other

opportunities that might provide relief to private practices facing COVID-related lost revenues or unexpected expenses.

Indeed, the faculty practice plans continue to face extreme financial challenges due to the Public Health Emergency, despite being a vital part of each state's path to recovery. Physician faculty practice plans are reporting revenue losses of between 25% and 50% as compared to 2019. For example,

- a faculty plan that operates as part of one of our private institutions estimates that it will lose \$114 million in net patient service revenue for the period of March-June, yet that plan has received just \$12 million to date from the Fund;
- Another one of our public institutions estimates that together its School of Medicine and faculty practice plan clinical operations revenue losses between March and May 31, 2020 total \$127 million. This academic health center system still awaits HHS's processing of its applications for provider relief from the General Distribution; and
- Another faculty group lost \$90 million in net revenue for the first ten weeks of the crisis, mostly due to decreased volume but exacerbated by a switch to lower acuity telemedicine visits. This institution invested heavily in COVID-related PPE and testing for staff and patients and significant infrastructure for telemedicine visits, amounting to approximately \$325,000 in non-reimbursed expenses.

We write today to urge you to prioritize faculty practice plans in future Fund distributions and to guarantee rapid and direct disbursements. We recommend that HHS calculate lost revenue payments to physician practices based upon a comparison of monthly revenues from the prior six months or from 2019 in comparison to actual revenue for the same month in 2020. Lost revenue should be determined based on revenue from *all* payers. In addition, we believe special consideration should be given to teaching physician practice plans that have incurred additional, unique costs related to the COVID-19 pandemic. Because "teaching physician" is a claim-based designation and there are not claims for the foregone care, one option would be to provide faculty practice plans with additional funding by having these practices attest to their status as a physician practice owned or affiliated with a medical school or teaching hospital. We also urge you to consider a faculty practice plan "hot spot" release to accompany to facility funds and reflect that these practices also treat a disproportionate share of patients for whom social determinants of health, such as housing, nutrition, and transportation, contribute significantly to additional health challenges.

Faculty practice plans are typically fully subscribed and operate at full capacity, and we expect and hope that will be the case as states re-open for routine care. However, these capacity constraints also mean there is no opportunity to "make up" for the lost revenues by increasing appointments to accommodate pent-up demand that may be present in the system. While there is no expectation of being made financially whole by federal relief measures alone, a significant dedicated infusion from the Fund will provide a critical bridge to mitigate against the extreme financial stress these plans, and their associated teaching hospitals and medical schools are experiencing.

On a related note, we are encouraged by the accelerated shift to telehealth made possible by the Department's immediate and thorough regulatory response during this pandemic emergency. It is clear that all Americans have benefited from this expansion, which also has been a byproduct of the flexibility, ingenuity and dedication of physician practice plans across the US. We encourage you to use your authority to assure that a full complement of telehealth opportunities remains available on a permanent basis for all Medicare beneficiaries and others.

In summary, while we acknowledge the inherent complexity and technical challenges of Fund distribution decisions and logistics, faculty practice plans bear unique and increasing costs as they respond to the crisis. From a public health and economic perspective, we cannot afford any further delay. The extended nature of the COVID-19 crisis demands swift action and we want to ensure that faculty practice plans are able to continue to support a vigorous pandemic response, including a full complement of telehealth service offerings. We welcome the opportunity to work with you to develop a streamlined, accountable disbursement strategy to get needed funds quickly to faculty physician practices.

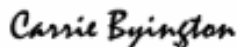
Sincerely,



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Daniel Podolsky, M.D.
President, UT Southwestern Medical Center



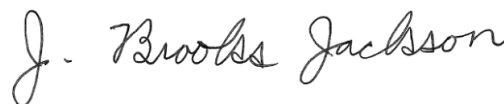
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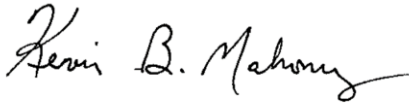
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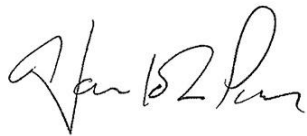
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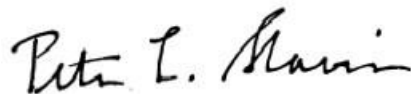
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Cc: The Honorable Eric Hargan, Deputy Secretary
The Honorable Seema Verma, CMS Administrator