



Minnesota Hospital Association

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July 21, 2021

The Honorable Amy Klobuchar
U.S. Senate
425 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Tina Smith
U.S. Senate
720 Hart Senate Office Building
Washington, DC 20510

The Honorable Jim Hagedorn
U.S. House of Representatives
325 Cannon House Office Building
Washington, DC 20515

The Honorable Angie Craig
U.S. House of Representatives
1523 Longworth House Office Building
Washington, DC 20515

The Honorable Dean Phillips
U.S. House of Representatives
1305 Longworth House Office Building
Washington, DC 20515

The Honorable Betty McCollum
U.S. House of Representatives
2256 Rayburn House Office Building
Washington, DC 20515

The Honorable Ilhan Omar
U.S. House of Representatives
1517 Longworth House Office Building
Washington, DC 20515

The Honorable Tom Emmer
U.S. House of Representatives
315 Cannon House Office Building
Washington, DC 20515

The Honorable Michelle Fischbach
U.S. House of Representatives
2204 Rayburn House Office Building
Washington, DC 20515

The Honorable Pete Stauber
U.S. House of Representatives
126 Cannon House Office Building
Washington, DC 20515

Subject: MHA opposes Medicare sequestration and use of unspent COVID-19 provider relief funds to finance infrastructure proposals

Dear members of the Minnesota congressional delegation:

Thank you for your continued support of Minnesota hospitals and health systems during the COVID-19 pandemic. As you know, your help and partnership have been critical in the ability of hospitals, health systems and health care providers to meet the needs of their communities during this unprecedented time. As stated in my prior letters and our regular congressional delegation calls last year, Minnesota hospitals and health systems continue to face unprecedented challenges while combating COVID-19. We support congressional efforts to include hospitals and health systems as critical infrastructure, but I am concerned about potential offsets that were included in the Bipartisan Infrastructure Framework.

It is imperative that the nation addresses core infrastructure needs to allow hospitals and health systems to continue to serve our communities and our patients. **However, MHA and MHA members oppose the use of an extension of mandatory sequestration, as well as unspent COVID-19 provider relief funds, as financing sources for any infrastructure package.** Our hospitals and health systems are committed to caring for patients during this difficult moment in history, and we expect those challenges to remain for the length of the public health emergency and beyond. To illustrate the financial fragility of Minnesota hospitals and health systems, between 2014 and 2018, the trend of overall median

July 21, 2021

hospital and health system operating margin in Minnesota remained steady at just over 2%. In 2018, however, the median operating margin declined to 1.7% and fell yet again in 2019 to 1.4%. The pandemic has further strained these razor-thin margins. Congress recognized that hospitals and health systems needed relief from Medicare cuts during the pandemic and we appreciate the recently provided delay through the end of this year in the 2% mandatory reductions. Unfortunately, the Bipartisan Infrastructure Framework lists a continuation of mandatory sequestration as an offset for the infrastructure agreement.

Medicare funds should not be used to pay for roads and bridges and additional cuts to the Medicare program are not sustainable. Congress recognized the importance of providing relief to health care providers by assigning funds to them during the pandemic in multiple COVID-19 legislative packages. The need for these funds remains strong, as many health care facilities are still recovering from the impact of the pandemic, and unfortunately caseloads have increased in some areas of the country due to new virus variants and a lack of vaccinations.

The Bipartisan Infrastructure Framework lists repurposing unused COVID relief funds as one of the financing mechanisms. As you know, hospitals and health systems and other health care providers are awaiting the distribution of additional dollars in Provider Relief Funds as well as the recently allocated \$8.5 billion for rural health care providers. We request that none of these COVID-19 health care relief funds be used for the purpose of funding an infrastructure package, given the ongoing need for health care providers to help their patients and communities.

Again, thank you for what you have done thus far to partner with us during this pandemic. I am confident that working together, we can keep our health care system in a position to provide lifesaving care to Minnesotans during and after this national emergency.

Sincerely,

A handwritten signature in black ink that reads "R. Koranne." The signature is written in a cursive, slightly slanted style.

Rahul Koranne, M.D., MBA, FACP
President & CEO