

# United States Senate

August 4, 2020

The Honorable Seema Verma  
Administrator  
Centers for Medicare & Medicaid Services  
200 Independence Avenue, S.W.  
Washington, DC 20201

Dear Administrator Verma:

Earlier this year, the novel coronavirus SARS-CoV-2 – more commonly known as COVID-19 or the coronavirus – severely impacted the United States and the whole world. The American economy was immediately shuttered while hospitals were expected to remain operational and treat patients suffering from a new, easily transmitted, highly infectious disease. These same hospitals halted all elective procedures in order to reduce transmission and preserve their scarce supply of personal protective equipment. Because of this, Congress provided a large amount of money for hospitals through the Coronavirus Aid, Relief and Economic Security (CARES) Act and the Paycheck Protection Program and Health Care Enhancement Act in an effort to keep them operating while battling the still raging pandemic.

Unfortunately, we recently became aware that the Centers for Medicare and Medicaid Services (CMS) imposed regulatory action that will force rural providers to repay as much as 80 percent of their forgiven Paycheck Protection Program (PPP) loans through reductions in future Medicare and Medicaid reimbursements. This action is unacceptable. Not only will this exacerbate financial burdens for rural hospitals already operating on razor thin margins, but it will likely prove to be a catalyst in expediting the rural hospital closure crisis at a moment when many of these rural areas are current COVID-19 hotspots in need of the most assistance. Not only does this decision contradict the intent of the CARES Act and PPP, but it is unconscionable that CMS would implement this regulation at the height of a global health crisis.

The PPP was designed to help struggling businesses survive the economic impact brought on by COVID-19 and served as a lifeline for rural hospitals. This regulatory action will only exacerbate the challenges that rural hospitals are facing in our states. Louisiana, for example, is home to 57 rural hospitals – nine of which are deemed vulnerable – and 44 percent are currently operating at a loss. In Colorado, over a dozen rural hospitals applied for CARES Act or PPP funding since the average rural hospital was already running at a negative margin.

Unfortunately, the rural hospital closure crisis is not unique to Louisiana or Colorado, and all rural hospitals across the country are facing similar financial struggles only exacerbated by the COVID-19 pandemic. Furthermore, this decision is outrageous unless CMS determined rural hospitals should be eliminated more expeditiously; there should be further hospital consolidation; and healthcare access for the most vulnerable populations across America should be eviscerated.

President Trump released an Executive Order on August 3, 2020 meant to help rural health providers. It states, in part:

“Rural health providers, in particular, need...flexibilities to provide continuous care to patients in their communities. It is the purpose of this order to increase access to, improve the quality of, and improve the financial economics of rural healthcare...”

By forcing rural providers to repay any portion of previously forgiven PPP loans through decreased future Medicare reimbursements, CMS is directly contradicting the president and effectively saying rural health care is not critical for the survival of the American public after the end of the COVID-19 pandemic.

Now is the time we should be doing more to ensure the survival of rural hospitals, not expediting their demise. We ask you to please reconsider this action and work with Congress to ensure the long term vitality of our rural hospitals. They are truly the only option for healthcare in many rural communities.

Thank you for your attention to this matter.

Sincerely,



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John Kennedy  
United States Senator



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Michael Bennet  
United States Senator