

Congress of the United States
Washington, DC 20515

April 17, 2020

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

The Honorable Seema Verma
Administrator
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Secretary Azar and Administrator Verma,

The ongoing COVID-19 pandemic places substantial financial burdens on Arizona's health care system and providers. While we understand that the distribution of some Coronavirus Aid, Relief, and Economic Security (CARES) Act relief payments have begun, many hospitals and providers face severe cash shortages and uncertain futures. In the coming weeks, many facilities will have difficulties meeting payroll and purchasing needed supplies to respond to the disaster. Therefore, we request that you give immediate consideration to the state of Arizona's request for a Section 1115 waiver to allow retainer payments be made to essential Medicaid providers. The request was submitted on March 24, 2020 by our state's Medicaid program, known as the Arizona Health Care Cost Containment System (AHCCCS).

Hospitals and health care providers have been asked to ramp up capacity in anticipation of a surge of seriously ill COVID-19 patients. Since the first reported cases in Arizona, our health systems expended considerable sums to acquire diagnostic tests, purchase additional personal protective equipment (PPE), and increase staff to ensure the safety and health of Arizona communities. In addition, on March 26, 2020, Arizona Governor Doug Ducey issued Executive Order 2020-16 requiring all hospitals to increase bed capacity by 50 percent by April 24, 2020, further straining budgets. At the same time, all Arizona health care facilities experienced revenue declines of 30 to 40 percent, primarily related to the cancellation of elective procedures and reduced emergency department visits. Some estimates indicate that hospitals in Arizona have seen a revenue reduction of \$430 million to \$575 million per month since March.

Retainer payments through AHCCCS could allow providers to address shortfalls resulting from the loss of revenues associated with fewer elective procedures and reduced service volumes. The payments will provide an important source of supplemental funding to ensure provider sustainability during this time as members of the public stay at home and reduce unnecessary visits. While the recently passed coronavirus legislation provided new flexibilities to enable the expansion of telehealth capabilities, many patients and providers in rural Arizona lack access to reliable broadband. Additionally, telehealth cannot provide all services. Ensuring that our health care providers can remain financially viable and keep their doors open to serve our communities during and after this public health emergency is critical. AHCCCS has a strong record of program integrity, and we trust its ability to approve retainer payments in a fiscally responsible manner for service providers most in need.

While some facilities may eventually be able to access new small business loans in the CARES Act, and may have started to receive funding from the Public Health and Social Services Emergency Fund and the

Medicare Advance Payment program, it could take many weeks before the funding arrives and is available for AHCCCS providers. Some of our rural, safety net providers informed us that they may be in danger of closing their doors permanently before the end of this month. In accordance with all existing agency rules, regulations, and ethical guidelines, we therefore ask that you approve Arizona's request for a Section 1115 waiver to authorize retainer payments for all appropriate provider types, including but not limited to hospitals, physicians, dentists, and home and other providers.

Sincerely,



Kyrsten Sinema
United States Senator



Martha McSally
United States Senator



Tom O'Halleran
Member of Congress



Ann Kirkpatrick
Member of Congress



Raúl Grijalva
Member of Congress



David Schweikert
Member of Congress



Ruben Gallego
Member of Congress



Greg Stanton
Member of Congress

Cc: The Honorable Russell T. Vought
Acting Director
Office of Management and Budget (OMB)
725 Seventeenth Street, NW
Washington, DC 20503