



**CALIFORNIA
HOSPITAL
ASSOCIATION**

*Providing Leadership in
Health Policy and Advocacy*

April 15, 2020

Governor Gavin Newsom
California State Capitol
10th and L Streets
Sacramento, CA 95814

Via email:

RE: Request to Issue an Executive Order to Support Hospitals During COVID-19 Crisis

Dear Governor Newsom:

California's collective response to the COVID-19 threat is unprecedented. The state, its health care providers, and its residents have acted swiftly and at great risk, in service of one goal: to save as many lives as possible.

Hospitals, as front line partners, immediately responded to the need to prepare for a surge of tens of thousands of COVID-19 patients by canceling non-essential elective surgeries, moving patients to other settings, rebuilding and repurposing space to be used for intensive care, securing and preserving personal protective equipment, increasing staff capacity and training and more.

As we continue to work together to save lives, hospitals have a simultaneous challenge - significant revenue loss due to the emptying of hospitals - that is today already an impediment. Hospitals are running out of cash. For some, it means they cannot make payroll and pay bills. Others are risking their bond covenants which threatens default on funds already borrowed. And still others are forced to sell investments at significant losses in order to continue providing care as the crisis continues.

During this time of crisis, insurance companies and health plans have continued to receive premiums, while claims for care services have significantly reduced. A few insurance companies and health plans have taken immediate, yet small steps to rebalance cash flow by providing loans or accelerated payments to hospitals, but it's time for all insurance companies and health plans to quickly do more.

Specifically, we urge you to issue an Executive Order that directs all insurance companies and health plans to do the following:

1. Resolve all unpaid claims to hospitals within 30 days.

Hospitals are currently owed billions of dollars in claims for care that remain unpaid by insurance companies and health plans. Some can take 90 days or more to pay hospital claims. Given hospitals have cancelled services and emptied to prepare for COVID-19 patients, there are far fewer claims for insurers to process. Directing insurance companies and health plans to pay all outstanding hospital claims within 30 days, and to continue to pay new claims within 30 days, would immediately create much-needed cash flow.

2. Support hospitals by offering voluntary advance payment programs.

Following the model set by Medicare, other insurance companies and health plans should offer options for hospitals to volunteer to receive accelerated or advance claims payments. This allows hospitals in need to receive payments in advance, smooth cash flow now and reconcile those claims at a later date.

3. Remove administrative barriers to speed payment to hospitals.

Insurance companies and health plans can help by speeding or eliminating prior authorization requests and temporarily changing other administrative practices that often delay or deny hospital claims, such as the default request for a copy of medical records in all cases and lengthy, phone-based admission and post-stabilization notification requirements. All of these delay care to patients and slow payments to hospitals.

This short-term financial relief will help hospitals continue their response to the immediate COVID-19 threat. To be certain, these immediate cash flow needs will be far out shadowed by the mid- and long-term financial support needed from the federal and state government to keep the health care system afloat and rebuild its strength. Hospitals are here for Californians during this crisis, and with future assistance, will be here during the long road to recovery.

Sincerely,



Carmela Coyle
President & CEO

cc: Ana Matosantos, Cabinet Secretary
Mark Ghaly, MD, MPH, Secretary California Health and Human Services
Michelle Baass, Undersecretary, Health and Human Services Agency
Bradley Gilbert, MD, MPH, Director, Department of Health Care Services
Shelley Rouillard, Director, Department of Managed Health Care