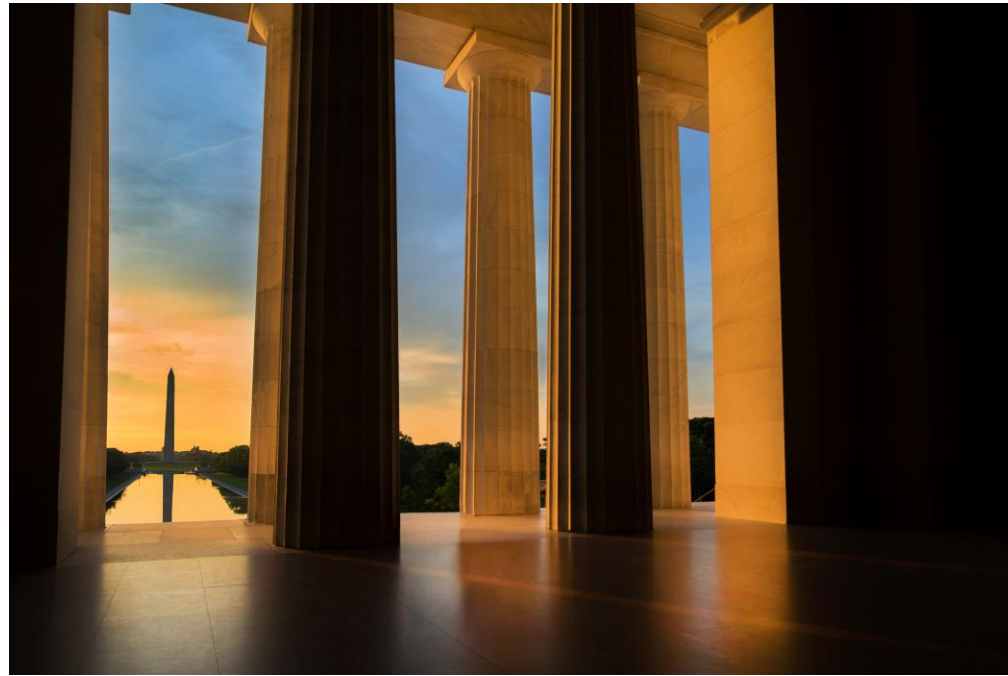




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Illinois AAHAM



The Federal Government's Economic Response
to COVID-19 Pandemic



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Special thanks to some AAHAM members for their continued work promoting the profession in Washington during this difficult time.



Courtesy of Tim Moore and the Marcam Associates Team



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Today's Discussion

- Update on Washington since COVID-19 Outbreak
 - 911 v. COVID-19
 - Washington Response Time
- Debt Collection Prohibitions Ramp Up Pre-COVID-19
- Country Shuts down and Congress Acts
 - Stimulus Phases 1-3
 - Small Business Paycheck Protection Program (PPP)
 - Hospitals Hit Hard By Pandemic Ask For Relief
 - Healthcare Relief Today and Going Forward

911 vs COVID-19



How Washington Reacted



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A Time When the Country Worked Together During Crisis



A Time When the Country Worked Against Each Other During A Crisis





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Debt Collection



Prohibitions Ramp Up Pre-COVID-19



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Debt Collection In the Crosshairs

- Even before COVID-19 debt collection was in the crosshairs of Congress.
- AAHAM's Legislative Day focused in part on H.R. 5330, the Consumer Protection for Medical Debt Collections Act.
 - On December 5, 2019 Rep. Rashida Tlaib (D-MI) introduced H.R. 5330, the Consumer Protection for Medical Debt Collection Act. This legislation was then marked-up and passed out of Committee on December 11 by a vote of 31-24.
 - The legislation introduced by Rep. Rashida Tlaib (D-MI), would delay the ability to report medical debt to credit reporting agencies for one year, and creates a ban of the reporting of debt arising out of "medically necessary procedures". Additionally, the legislation prohibits collecting medical debt at all, for two years.
 - May 21, 2019, Senator Jeff Merkley (D-OR) introduced a similar bill - S. 1581, the Medical Debt Relief Act. Prohibits credit reporting for one year. However, unlike the House bill the Senate version clarifies that the legislation does not impact when a debt collector may engage in activities to collect or attempt to collect any debt owed or due or asserted to be owed.

COVID-19 Stimulus Relief Discussion

- Discussions centered around prohibiting debt collections for 6-months.
- This ultimately was pulled from the final bill, but this issue continues to be discussed and going forward, post-COVID-19, I suspect debt collection will be a focus of Congress.
- It's not all bad news.
- AAHAM members have been proactive in their states and have won some big battles on this issue.



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Tim Moore puts on his advocacy hat during COVID-19 to protect his business and profession

AAHAM Members Being Proactive



- When COVID-19 hit and the country started shutting down, every industry made an attempt to be listed as “essential.”
- Tim Moore, CEO of Marcam Associates (AAHAM member) “lobbied: his Governor in New Hampshire and was able to get debt collection listed as an “essential” business in New Hampshire.
- New Hampshire banned the collection of debt during the Pandemic. Tim Moore once again went to his state capitol and testified against such action.
 - Because of Tim’s testimony, the bill the New Hampshire legislature was considering was referred to the House on Commerce and Consumer Affairs, where it went to die.
- ACA International filed a lawsuit against the Governor’s actions.
 - ACA and Tim Moore won an injunction against the New Hampshire Governor
 - Special shoutout to Rich Lovich for helping Tim on this matter.

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Country Shuts down and Congress Acts





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- Immediate focus and attention was on small business.
 - A VERY big surprise to a lot of us, but smart move on their part.
 - Small businesses employed 47% of the workforce pre-COVID-19.
 - Today unemployment is at 14.5% with it expected to reach 20%.
 - Some so-called experts believe this number will be 11% by years end.
 - Other experts say the loss of small businesses could be as high as 52%. Not sure I buy this number. All depends on what you consider a small business. Would a hobby someone is looking to turn into a business count?



PHASE 1: \$8.5B

- H.R 6074, Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020.
- President signed into law (PL 116-123) March 6, 2020.
- Senate passed by a vote of 96-1 on March 5, 2020.
- House of Representatives passed by vote of 415-2 on March 4, 2020.

Phase 1 was really focused on initial healthcare sector and cutting strings for government agencies.



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PHASE 2

- H.R. 6201 —Families First Coronavirus Response Act
- President signed March 18, 2020.
- Senate passed 90-8 on March 18, 2020.
- House passed 363-40 on March 14, 2020.
- Took effect April 1 and runs through December 31, 2020.

- **Amends the Family and Medical Leave Act of 1993.** This section provides employees of employers with fewer than 500 employees and government employers, who have been on the job for at least 30 days, with the right take **up to 12 weeks** of job-protected leave under the Family and Medical Leave Act to be used for any of the following reasons:
 - To adhere to a requirement or recommendation to quarantine due to exposure to or symptoms of coronavirus;
 - To care for an at-risk family member who is adhering to a requirement or recommendation to quarantine due to exposure to or symptoms of coronavirus; and
 - To care for a child of an employee if the child’s school or place of care has been closed, or the child-care provider is unavailable, due to a coronavirus.

- Does not apply to corporations over 500 employees.
- For FTE they are eligible for two weeks (80 hours) of leave at full salary.
- Part-Time employees you calculate the average number of hours they work per week.
- After the two weeks of paid leave, employees will be eligible for up to another 10-weeks of leave from their employers that will be no less than two-thirds of the employee’s usual pay.
- Employers with fewer than 50 employees may apply for exemption if they can show compliance with this law would jeopardize their business.

Unemployment Benefits

- Employees who have been furloughed will be eligible for their state unemployment benefits (levels vary among states).
- Prior to pandemic, furloughed employees were eligible for 26 weeks of state paid unemployment benefits.
- Phase 2 extends unemployment benefits another 13-weeks for furloughed employees.
- Furloughed employees will be eligible for their state benefits, plus an additional \$600 per week from the federal government. Ex: In VA if I receive \$378 per week in unemployment benefits, under Phase 2, I would receive \$978 per week in benefits.
 - This has been a problem for a lot of people because for a large segment of workers, we are paying them more to stay home versus continue to work if they can.
- If a state reached an unemployment level of 10%, they would be eligible for another 13 weeks of federally funded unemployment benefits. Meaning, a furloughed employee could receive 52 weeks of unemployment benefits.
 - Under current law, unemployment benefits are split 50-50 between state and federal government. Under the 10% unemployment scenario, the federal government would cover those additional 13 weeks at a 100%.
 - **Over 36.5 million people unemployed.**
 - **Unemployment at 14.5% (May 15, 2020)**

Individual Rebate Checks

- All U.S. residents with adjusted gross income up to \$75,000 (\$150,000 married), who are not a dependent of another taxpayer and have a work eligible social security number, are eligible for the full \$1,200 (\$2,400 married) rebate.
- In addition, they are eligible for an additional \$500 per child. This is true even for those who have no income, as well as those whose income comes entirely from non-taxable means-tested benefit programs, such as SSI benefits.
- For the vast majority of Americans, no action on their part will be required in order to receive a rebate check as IRS will use a taxpayer's 2019 tax return if filed, or in the alternative their 2018 return.
 - This includes many low-income individuals who file a tax return in order to take advantage of the refundable Earned Income Tax Credit and Child Tax Credit.
 - The rebate amount is reduced by \$5 for each \$100 that a taxpayer's income exceeds the phase-out threshold.
 - The amount is completely phased-out for single filers with incomes exceeding \$99,000, \$146,500 for head of household filers with one child, and \$198,000 for joint filers with no children.
 - IRS has set-up special website for people to input their information so that they can get a direct deposit.
 - As of Friday, April 24th the Administration noted 88 million people had received their checks.
 - Hold up had been due to President wanting to have his name on the checks and letter.
 - **New proposal being considered is paying people \$2,000/\$4,000 per month depending on your income level (starting at age 16 years old) and each child \$500.**



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Small Business Administration Loan Program

- Focus on 2 types of SBA Loans
 - Paycheck Protection Program (PPP)
 - Economic Injury Disaster Loan (EIDL)

Paycheck Protection Program Loans (PPP)

- Added to the SBA current 7(a) loan program.
- Companies with fewer than 500 employees.
 - Los Angeles Lakers - \$4.6 million
 - Ruth Chris Steakhouse - \$20 million
- Includes sole proprietors and independent contractors.
- 100% guaranteed by the Federal government – no collateral needed.
- Covers an 8-week period – February 15, 2020 through June 30, 2020.
 - Time starts when SBA assigns you a loan number.
 - Takes 10-days from being approved to funds deposited in your account.
- Max amount of loan \$10 million.
- Loans are forgivable if used for:
 - Payroll
 - Interest on debt
 - Utilities
 - Health insurance
 - Rent/mortgages
- **LOANS CONSIDERED REVENUE BY IRS AND TAXABLE**

Small Business Administration Loan Program

Loan forgiveness

- 75% of the loan amount must be used for salaries.
- No more than 25% can be used for utilities.
- Non-forgiven portion of the loan can be repaid over 2-years with an interest rate of 1%.
- Loan payments can be deferred for a period of 6-months.
- If you rehire employees already laid off and restore pay to those employees that had salary reductions, by June 30, 2020, you still qualify and will not be penalized for having reduced payroll.



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Hospitals Hit Hard by Pandemic Ask Congress for Relief



Coronavirus Funding



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Congress Provided Nearly \$250 Billion Through HHS

- **Emergency Fund amounts geared toward hospitals, vaccines, testing**
 - \$175 billion to reimburse providers for coronavirus expenses, lost revenue
 - More than \$30 billion to purchase vaccines and medical supplies, other activities
 - \$25 billion for testing, including for active and previous infections
- **Other funding included:**
 - More than \$6 billion each for CDC, ACF
 - More than \$6 billion for community health centers
 - \$1.8 billion for the National Institutes of Health
- **Medicare, Medicaid funds also increased**
 - Medicare sequestration suspended through Dec. 31
 - Medicare payments for treating Covid-19 patients increased by 20%
 - 6.2 percentage point increase in Medicaid funding



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40% of \$175 Billion Provider Relief Fund Allocated

- **Funding for providers is being distributed in several rounds**
 - \$50 billion distributed based on previous Medicare payments
 - \$12 billion allocated for hospitals with large numbers of Covid-19 patients
 - Includes \$2 billion based on number of uninsured and low-income patients
 - \$10 billion for rural hospitals and health clinics
 - \$400 million for Indian Health Service facilities
 - Additional funds for skilled nursing facilities, dentists, and Medicaid-only providers
- **HCA tops hospital systems' share of CARES funds, advance payments**

Company	CARES funds (in millions)	Advance/Accelerated Payments (in millions)
HCA Healthcare	\$700	\$4,000
Tenet Healthcare	\$345	\$1,500
Community Health Systems	\$245	\$1,200
Universal Health Services	\$195	\$375



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Relief Laws Address Coverage, Telehealth, Drug Supply

- Testing and vaccines covered without cost sharing
 - No patient cost-sharing for tests and related services, vaccines
 - Funding provided, Medicaid expanded to cover tests for uninsured
- Telehealth coverage expanded under Medicare
 - Beneficiaries can receive services at other locations, including home
 - Federally qualified health centers, rural health clinics can furnish services
- Some liability immunity provided
 - Health-care professionals who provide volunteer services
 - Makers of respiratory protective devices used during emergency
- Supply of drugs, medical supplies addressed
 - FDA applications for drugs to mitigate shortages prioritized
 - Defense Production Act requirements waived

Administration Eases Regulations During Pandemic

- CMS waived hospital regulations to care for virus patients
 - Nontraditional facilities, including hotels and dorms, can be used
 - Staffing capacity can be increased
 - Labs and hospitals can bill Medicare for tests provided outside of hospital
 - Doctors can provide more telehealth services at in-person rates
 - Hospitals can provide staff with meals, laundry services, childcare
- Additional flexibilities subsequently provided
 - Medicare beneficiaries can get tested without written order
 - Pharmacists can perform Covid-19 tests if enrolled with CMS as a lab
 - Medicare and Medicaid will cover antibody tests
 - Medicaid will cover any lab test, including self-collected
 - Hospitals can increase beds without payments reduced
 - **Observation Stays: Waives the Inpatient Rehabilitation Facility (IRF) 3-hour rule, which requires a beneficiary be expected to participate in at least 3 hours of intensive rehabilitation at least 5-days per week to be admitted to an IRF.**



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What's Next?



Lawmakers Consider Additional Health Needs

- “Phase five” discussions centering around state aid, business liability
 - Democrats seeking \$1 trillion in aid for state and local governments
 - Republicans say liability protections for health-care workers, businesses a “red line”
- Democrats have also floated:
 - Price controls on Covid-19 drugs and vaccines
 - Special enrollment period for Affordable Care Act exchanges
 - Free coronavirus treatment
 - Health worker protections
- Some bipartisan support for:
 - Expanding domestic manufacturing of drugs
 - Hazard pay for essential workers
- **Other issues:**
 - Funding for contact tracers and widespread testing
 - Additional hospital funding – Estimated hospitals will have spent \$200 billion through June.

Broader Health Agenda Affected by Coronavirus

- Surprise billing, drug pricing kicked down the road
 - Lawmakers had pegged effort to health extenders, now set to expire Nov. 30
- Some lawmakers trying to add surprise billing to next relief measure
 - Insurers prefer network-benchmark solution, providers want arbitration process
 - All proposals include arbitration component
 - Ways and Means bill requires arbitration in all cases; other proposals set threshold
 - None allow “billed charges” to be considered by arbiter
- Drug pricing outlook uncertain
 - Senate Finance Chairman Charles Grassley (R-Iowa) seeking more GOP support
 - S. 2543 includes Medicare inflation rebates
 - Democrats have shifted calls for broader drug pricing priorities in light of pandemic
 - H.R. 3 includes drug price negotiation

Bipartisan Agreement on Need to Restructure Part D

Part D redesign included in several drug pricing bills

- Out-of-pocket cap for Medicare beneficiaries (Democrats \$2,000, Republicans \$3,100)
- Medicare’s exposure reduced in catastrophic phase to 20% from 80%
- Changes would be negative for oral cancer drugs and other high-priced medicines, positive for insulin and other chronic medicines

Annual Brand-Name Drug Cost	Current Law (2020)		Senate Finance Proposal (S. 2543)		House Democrats' Proposal (H.R. 3)		Republicans' Proposal (H.R. 19, S. 3129)	
	Pharma Liability *	% of Drug Cost	Pharma Liability*	% of Drug Cost	Pharma Liability*	% of Drug Cost	Pharma Liability *	% of Drug Cost
\$1,000	\$0	0.0%	\$40	4.0%	\$57	5.7%	\$57	5.7%
\$5,000	\$686	13.7%	\$320	6.4%	\$457	9.1%	\$457	9.1%
\$7,500	\$2,436	32.5%	\$495	6.6%	\$868	11.6%	\$707	9.4%
\$10,000	\$3,698	37.0%	\$670	6.7%	\$1,618	16.2%	\$957	9.6%
\$15,000	\$3,698	24.7%	\$1,106	7.4%	\$3,118	20.8%	\$1,457	9.7%
\$20,000	\$3,698	18.5%	\$1,806	9.0%	\$4,618	23.1%	\$3,107	15.5%
\$25,000	\$3,698	14.8%	\$2,506	10.0%	\$6,118	24.5%	\$3,607	14.4%
\$50,000	\$3,698	7.4%	\$6,006	12.0%	\$13,618	27.2%	\$6,107	12.2%
\$100,000	\$3,698	3.7%	\$13,006	13.0%	\$28,618	28.6%	\$11,107	11.1%
\$150,000	\$3,698	2.5%	\$20,006	13.3%	\$43,618	29.1%	\$16,107	10.7%
\$200,000	\$3,698	1.8%	\$27,006	13.5%	\$58,618	29.3%	\$21,107	10.6%



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Regulatory Agenda Also Affected by Pandemic

- **Priorities change as administration shifts to virus response**
 - HIV initiative remains priority for Trump as staffing wanes
 - International drug pricing index could be sidelined, as industry opposes
 - Medicare payment rules could be affected as OMB capacity limited
 - Self-referral and anti-kickback changes supported by industry may gain momentum
- **Many other regulations still require action**
 - Medicare and Medicaid: 1115 block grant guidance, kidney care executive order, insurer price transparency rule, CMMI models, interoperability rules
 - Drug pricing: importation
 - Public Health: flu executive order
 - Medicare proposing Medicare would make about \$1.9 billion available for value-based incentive payments to hospitals in fiscal year 2021 under a proposed payment rule released 5/11/20.
 - Medicare payments to hospitals for uncompensated care would fall by \$534 million in the 2021 fiscal year, according to the proposal by the Centers for Medicare & Medicaid Services.
 - CMS is proposing to collect data on the median charges that hospitals negotiate with Medicare Advantage plans and third-party payers for inpatient services



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- Deferred procedures costing hospitals \$60 billion a month.
- Hospitals want to begin performing elective surgeries, but fearful of being sued by patients if they contract COVID-19. Hospitals (and every business in the country) want protections.
- This issue could prevent some hospitals from collecting the needed revenue they need to stay afloat.



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