UC Health Talking Points: COVID-19
4.14.20

GENERAL POINTS

- The outbreak of a novel coronavirus, or COVID-19, is an evolving, unprecedented global crisis of a scale that we have never seen before. It is causing great suffering to American families, and families around the world. The economic disruption caused by this public health crisis will have both immediate and lasting effects on families and businesses in California, across the country and across the globe.
- The people of the University of California and the University of California Health System are on the front lines of treating and managing this evolving public health emergency.
- Our top priorities are our patients, UC health professions students and trainees, healthcare workers, and the communities we serve. While we continue our commitment to partner with the state and the people of California, we are experiencing unprecedented financial losses because of this pandemic.
- Even as we are treating patients already in our hospitals, those who are being treated for COVID-19 and those who have other illnesses, we are working hard to expand the capacity of our inpatient hospital beds for those who will need hospitalization as the pandemic continues to spread. We will need sustained support from our federal and state partners to ensure that our medical professionals and hospitals have every tool at their disposal to combat this pandemic.
- Even before COVID-19 hit our communities, California families were struggling to afford the high cost of living in our state due to the uneven economic recovery from the Great Recession and deepening income inequality. To help stabilize families, governments at all levels worked together to provide a safety net that has kept families from falling deeper into poverty. The SARS-CoV-2 virus pandemic and its economic impacts will substantially stress this safety net, including the hospitals and health systems.
- We are your partners in this pandemic, and we will need your support in the coming weeks.

Message for when speaking to a Member of Congress
We are very grateful for the three emergency bills Congress enacted to help us fight this pandemic. Together they will help us begin to meet the tremendous challenges we face.

Message for when speaking to State Legislators
We appreciate the Legislature and the Governor’s support for UC and look forward to continuing our partnership as we move through this crisis. The health, safety and well-being of the University community and all California residents is our top priority.
OVERARCHING ISSUES OF CONCERN

Protecting Healthcare Workers/Supply Shortages

- We are deeply committed to the safety and well-being of all members of our clinical workforce – at our academic health centers, student health services, and occupational health clinics.
- We are working diligently with partners, and we need reasonable and safe regulatory flexibility, wherever possible, so that our workforce can focus its efforts on caring for patients in a manner that protect the physical and mental health of our healthcare providers.

We need to be able to access a steady supply of critical items:
- Personal Protective Equipment including masks, face shields, gowns and gloves
- Test Kits
- Swabs
- Reagents
- High throughput testing equipment
- Take-out food containers, and
- Transport Media

Exponential Increases in Health Care Costs

The direct and indirect costs of screening, testing and treating Californians who will be touched by this pandemic will be enormous. Our ongoing effort related to the COVID-19 outbreak is already causing our health system to lose millions of dollars daily. For UC’s academic health systems the direct and indirect costs of the COVID-19 epidemic will easily exceed $1 billion by the end of our fiscal year in June.

We are extremely grateful that Congress passed the CARES Act, which will help hospitals begin to cover the costs associated with responding to the COVID-19 pandemic. Please help us ensure that the allocation of these federal funds takes into account the following direct and indirect costs to UC:

- The direct costs of treating even a single inpatient range from $1 million to $10 million, depending on the severity of the virus, the complexity of the patient’s case, the recommended course of treatment, the facilities needed and impact to our physical facilities, the hiring of highly skilled lab officials who will be needed as we develop clinical diagnostic tests and significantly expand testing, and most importantly the effects on our healthcare workforce.

- There are also a significant number of indirect costs that the University is currently experiencing, such as:
  - Maintaining an incident command center 24/7 to address the issues related to COVID-19 while maintaining hospital operations,
  - Continued training and preparation of staff (e.g. for pandemic preparedness, telehealth),
  - Hiring of replacement medical staff for personnel who are ill, caring for someone who is ill, or who can’t go to work due to school closings or lack of child care,
- Sourcing and purchasing additional and potentially more expensive supplies and equipment,
- Providing rooms / standing up facilities near our hospitals for patients who cannot care for themselves at home – to ensure there is space for the most acute cases in our hospitals,
- Providing housing for clinicians who are seeking to mitigate the risk of spreading the COVID to their own households,
- Standing up new facilities and/or preparing older facilities or other existing spaces to increase surge capacity, and
- Loss of revenue to the hospitals and our faculty physicians associated with the cancelation or postponement of non-essential surgeries and medical procedures – both to minimize risk of exposure of the virus and in anticipation of an expected surge of COVID-19 patients. We rely on these revenues to help us sustain the financial losses incurred providing care to the uninsured and those covered by public programs.

**FEDERAL ISSUES**

The first two supplemental spending bills Congress passed to combat COVID-19 made federal investments in research, prevention and testing efforts. The third supplemental spending bill provides for a $100 billion fund that we are eligible for reimbursement of the costs incurred preparing for and treating COVID-19 patients, along with the revenue we have forgone canceling non-emergency surgeries and outpatient procedures to more fully accommodate serving COVID-19 patients. On Friday, April 10, HHS announced its release of the first $30 billion of the CARES Act $100 billion fund to Medicare institutions. It’s awarding Medicare providers part of the $30 billion on the basis of their total Medicare Fee for Service (FFS) claims billed in 2019, as indicated on their Medicare cost reports.

HHS announced it will be awarding a second unspecified amount tranche of funding in the next two weeks. The second tranche of funding will be targeted at providers for whom Medicare is not the primary payer, but Medicaid predominantly is, like safety net hospitals, children’s hospitals, and skilled nursing facilities. Additionally, the second tranche will be targeted at providers within areas designated as, or to eventually be, COVID-19 hot spots.

HHS also announced that the $100 billion CARES Act fund will be used to cover costs providers incur treating uninsured COVID-19 patients. Along with its partners representing academic health systems and safety net providers, including the American Hospital Association, Association of American Medical Colleges, and America’s Essential Hospitals, **UC Health urges the Administration to use existing infrastructure, like the Affordable Care Act health insurance exchanges, or for Congress to create in legislation a specific fund, for covering the costs of treating uninsured COVID-19 patients.**
Administrative Requests

Timely issue guidance for accessing federal emergency funding and target the funding at providers disproportionately treating COVID-19 patients

- Establish a methodology for distributing remaining federal funds that will account for reimbursing providers, like UC Health, that are on the front lines treating patients with COVID-19 and as well as rapidly scaling up testing capacity and developing new diagnostic tests for COVID-19 in our CLIA-certified labs. This methodology should target funding to providers on the basis of the number of COVID-19 patients they’re treating, their being in a COVID-19 hot spot, along with the heightened number of ICU beds and Case Mix Index (CMI) at their hospitals.
- Distribute the payments directly to the hospitals most in need of support rather than through state hospital associations or state health departments.

End supply shortage: UC continues to ask that the State and Federal governments do everything within their power to encourage domestic production of testing reagents, personal protective equipment, and the development of rapid diagnostic tests that can be used in our nation’s community hospitals, the swabs, reagents and other supplies and equipment to run the tests, the production of PPE and research on vaccines and treatments.

Legislative Requests

Add to the $100 billion provider relief fund created in the CARES Act by providing another $100 billion for hospitals:

- For academic health systems like UC Health, the costs of confronting this pandemic -- from preparing for a surge of COVID-19 patients, providing clinical care, to developing testing and innovating treatments and potential cures -- are extremely high.
- Given these mounting costs, requests from the UC System and other US health systems are likely to exhaust the original $100 billion fund well before the pandemic is over.
- UC Health would also propose that a significant proportion of additional relief funds directed as grants to Medicare and Medicaid DSH hospitals that serve a large proportion of Medicare, Medicaid and uninsured patients.

Pre-empt state licensure laws

- Recently, the Administration announced the significant expansion of Medicare telehealth coverage during this public health emergency. However, state licensure laws remain an obstacle to expanding the reach and capacity of telehealth services nationwide. California, among other states, has waived certain state licensure and certification laws to allow medical personnel to assist in preparing for, responding to, and mitigating the effects of COVID-19 in California. However, additional flexibility is needed for California-licensed practitioners and other states have not yet taken similar reciprocal actions.
- Instead of waiting for many individual state actions, Congress should pass federal legislation to pre-empt state licensure laws during this public health emergency to allow physicians and other clinicians licensed in one state to practice in another health (both via telehealth and face-to-face).
Prevent the Centers for Medicare & Medicaid Services (CMS) from moving forward on the Medicaid Fiscal Accountability proposed rule, which, if finalized, would severely undermine the financing that is critical to supporting the health care safety net at the same time as our health systems are striving to address the public health crisis related to this pandemic.

Temporarily increase the Medicare IME add-on payment adjustment of our academic health centers. This would provide targeted and immediate funding for teaching hospitals to address increased patient care demands and complexity. Congress created the IME add-on payment adjustment to off-set the higher costs teaching hospitals like ours incur when treating higher acuity patients and responding to threatening public health events, like this COVID-19 pandemic.

Lift the Medicare Graduate Medical Education (GME) cap. The UC Health system currently exceeds its residency cap by over 800 medical residents. Consequently, at a time when there is a physician workforce shortage coupled with more Americans needing medical services, UC Health’s public safety net academic medical centers are absorbing nearly $70 million annually to train the next generation’s physicians. The GME cap, which was put into place during the early 1990s, does not reflect the present-day demographics of limited physician supply and heightened patient demand.

Increase the Federal Medical Assistance Percentage (FMAP) for Medicaid by another 6 percent, to help sustain safety net health care systems, like UC Health, respond to the COVID-19 pandemic and continue to deliver timely, high quality medical care for patients with other, non-COVID-19-related, critical health care needs.

Create periodic interim payment programs for Medicaid and commercial insurers to stabilize hospitals. Such programs would help safety net health care systems, like UC Health, sustain critical hospital operations and continue to serve their communities should claims processing slow down or be halted due to COVID-19-related business interruptions.

Provide flexibility under the Clinical Laboratory Improvement Amendments of 1988, to advance public health research related to COVID-19 and to expand capacity to perform diagnostic testing for COVID-19.
STATE ISSUES

Funding

• We appreciate the inquiries made by the administration, many Legislators and Constitutional Officers related to the fiscal impacts to the University due to COVID-19. UC will have tremendous costs due to the COVID-19 response, both in new expenditures and lost revenues.
• UC holds as its highest priority the health, safety and wellbeing of its students, faculty, clinicians, staff, and employees – and, of course, the patients and communities we serve.
• UC Health is pleased to be in partnership with the State on a number of efforts to serve the people of California during this public health crisis, including to expand testing, coordinate surge planning, develop innovative therapeutics, and expand telehealth capacity.
• During this period of crisis, the effective functioning of UC’s health systems, which serve as critical state assets in the response to the COVID-19 pandemic, depends on maintaining sufficient staffing and other resources to meet operational needs.
• As you consider the 2020-21 State budget, and as emergency funding is distributed, we ask you to remember the important function that the UC Health plays in addressing this crisis and as a partner with the State.

Administrative Requests

UC Health is seeking assistance to waive temporarily a variety of regulations that will allow our health systems to quickly respond to the ever changing and demanding needs to address the COVID-19 public health crisis:

Testing: The University Health System welcomes the opportunity to partner with the Governor and the newly formed task force on testing. We appreciate the opportunity to combine our expertise with the State Department of Public Health, Blue Shield, the California Hospital Association and others to ensure there is more accurate and timely data through testing on the number of COVID-19 cases.

PPE: UC Health appreciates the steps that the State and Federal government leaders have taken to help increase the inventory of critical supplies and equipment for patients and staff on the front lines. The University, too, has taken action to conserve, manufacture, and procure such resources. Despite these efforts, utilization rates are in some cases exceeding 25 times the normal levels, and the federal government has intercepted multiple shipments. We nevertheless are continuing to source and obtain needed supplies. We look forward to the State’s continued efforts to assist UC Health with maintaining a stable supply chain and identifying additional funding to support the purchase of these vital resources.

Telehealth: UC appreciates the flexibility that the Governor has granted thus far to help our clinicians rapidly expand our ability to offer telehealth services to patients across the state of California.

• However, additional flexibility is needed from the professional Boards to permit health care or mental health professionals licensed in other states to provide health care or
behavioral health services (including prescribing controlled substances) via telehealth to individuals located in California.

- In addition, many of our clinicians, particularly psychiatrists, psychologists and other behavioral health professionals, want to ensure continuity of care for UC students who have returned to their homes—in some cases, in other states or countries—by providing ongoing services to those students via telehealth. UC is seeking waivers of any California licensing or certification law or regulation that would prevent them from doing so.

**Workforce:** As the largest health sciences program in the nation, UC appreciates actions the Administration has taken through recent Executive Orders that improve the state waiver processes pertaining to health profession licensing requirements.

- Thank you for the continued partnership with UC and other higher educational institutions in working closely and expeditiously to prioritize needs of graduating students in the health sciences. We must prioritize this work to ensure there is a near term path to practice and licensure in order to maintain the critical pipeline of new nurses, doctors and other health care professionals who are ready and eager to enter our CA workforce.

- There has been meaningful progress for California nursing students and we appreciate the waiver recently issued by the Department of Consumer Affairs. Our UC nursing leaders are continuing to work through details to fully understand the impacts for our programs. The current crisis highlights the need to modernize the regulations around nursing education in our state to include more evidence-based instruction such as simulation.

- We are seeking similar temporary waivers of licensing requirement that will allow our students trained in UC Schools of Dentistry, Optometry and Veterinary Medicine to enter the profession without delay. These near term graduates are facing certain profession-specific barriers for entry to practice and licensure that we are working actively to address through the waiver process. In addition, UC has submitted waiver requests to ensure licensure for medical residents in UC Graduate Medical Education programs. Timely action on these UC waiver requests will ensure that our graduates and trainees move forward to enter the CA workforce (or continue training in the case of medical residents) where they are eager and well prepared to contribute.