



April 21, 2020

Senator Lisa Murkowski
522 Hart Senate Office Bldg
Washington, DC 20510

Senator Dan Sullivan
302 Hart Senate Office Bldg
Washington, DC 20510

Congressman Don Young
2314 Rayburn House Office Bldg
Washington, DC 20515

Dear Senator Murkowski, Senator Sullivan, and Congressman Young,

On April 10, 2020 many of the Alaska Mayors participated in a teleconference on community needs related to the COVID-19 response. Pursuant to this call the Petersburg Borough Assembly wanted to bring needs to your attention.

In particular, attached is a memo from Phil Hofstetter, CEO of Petersburg Medical Center, articulating their known needs at this time.

Of note:

- "It is critical that Federal and State support include immediate grant relief for hospitals to compensate for lost revenue during this crisis.
- we anticipate needing support for swift procurement AND delivery of PPE should a surge occur.
- Therefore, we need immediate assistance with procurement of testing supplies.
- We believe it is critical for federal support to include rapid deployment of Department of Defense healthcare providers who have tested negative for COVID-19 and that our local Coast Guard be enabled to provide airlift support should that become necessary.
- Federal assistance for increasing internet bandwidth and speed as well as obtaining hardware to support telehealth and remote workers would greatly assist PMC during this crisis and beyond.
- We strongly believe that Federal support should include programs and/or funding to assist with mental health conditions such as depression, anxiety, PTSD and rebuilding after crisis." - Hofstetter, full comments attached.

Providing a rolling payout of FEMA support to rural communities as we deal with an ongoing crisis is imperative. Revenues are down as our hospital works overtime to prepare as best they can, and waiting until the end of the crisis for reimbursement is a recipe for financial failure for these critical facilities.

In addition, our rural community has been relying heavily on:

Public Radio infrastructure enabling timely, responsive emergency communication to our immediate island and more remote areas of the state,

Postal service keeping the flow of commerce and communication going,

Emergency services, police, EMS and our mostly volunteer fire department, as well as **grocery store employees** going above and beyond to keep the island fed.

Borough Administration

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We would welcome and encourage your support in identifying opportunities for Federal help in our rural communities that fall outside the current guidelines of Federal assistance.

Respectfully,

Mark Jensen
Mayor

Attachments:

4.9.2020 CEO Hofstetter Memo to EOC IC Hagerman



Petersburg Medical Center

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MEMO

Date: April 9, 2020

To: Karl Hagerman
Petersburg EOC Incident Commander
Utility Director

From: Phil Hofstetter
Chief Executive Officer

RE: Covid-19 Preparedness and Areas of Need

Petersburg Medical Center ("PMC") has been heavily engaged in COVID-19 preparedness, both operationally and financially, for several weeks. While we believe that we have followed best practices in our preparation, we have concerns that a surge in COVID-19 patients could result in significant logistical and financial challenges. The purpose of this memo is to communicate financial and operational areas we've identified for which additional Federal or State assistance may be needed and to provide an update on our financial preparedness.

Areas of Need/Assistance

- Financial support – As you will see from the chart on the next page, PMC is following the various programs of support very closely and has already received some of the federal funds that are available. However, more than half of the amounts known today are in the form of loans. While these dollars will certainly help bridge the gap, they do not replace revenue that has been lost due to social distancing, cancellations of elective procedures and an anticipated reluctance to schedule elective procedures once restrictions are lifted. Already in March, PMC experienced a 35% decrease in revenue. We expect the decline to be even more significant in April and May and possibly beyond. ***It is critical that Federal and State support include immediate grant relief for hospitals to compensate for lost revenue during this crisis.***
- Supplies
Personal Protective Equipment (PPE) – The shortage of PPE is a worldwide issue but is especially concerning for PMC. A surge in COVID-19 patients, which we anticipate would be more than 2 patients for our facility, will quickly deplete our supply of PPE thus putting our patients and employees at great risk. While it appears that existing Federal programs are set to provide reimbursement for COVID-19

related supplies, *we anticipate needing support for swift procurement AND delivery of PPE should a surge occur.*

Testing Reagents/Cartridges - PMC now has Abbot ID and Cepheid testing ability but is having significant difficulty procuring reagents/cartridges. Being able to test in a timely manner and short testing turnaround times are critical to keeping our patients and employees safe and in understanding the penetration of the virus in our community— especially before an outbreak occurs. *Therefore, we need immediate assistance with procurement of testing supplies.*

- Patient Care and Transport – PMC, like every other critical access hospital (“CAH”) in the country, operates in a rural/remote location and personnel wear many hats. For example, nursing staff provide care for regular acute care patients while also caring for long-term care (nursing home) patients. In order to protect our vulnerable long-term care patients, we have dedicated staff to long-term care – thus driving up our daily staff complement which reduces those available to fill in. Should we have a surge of COVID-19 patients while also experiencing infections among our staff, we will be in great need for additional healthcare providers. This is especially concerning given the need for a 14-day quarantine for anyone arriving from outside of the community.

Additionally, if we encounter a situation where it becomes critical to transport patients to larger medical centers with increased ICU and respirator capacity, we will need to ensure that air transport is available.

Due to our potential need for back-up personnel and air transport, *we believe it is critical for federal support to include rapid deployment of Department of Defense healthcare providers who have tested negative for COVID-19 and that our local Coast Guard be enabled to provide airlift support should that become necessary.*

- Technology Infrastructure and Equipment – Overnight, the COVID-19 pandemic has resulted in a scores of employees working from home and increased opportunity to provide telehealth services for our patients. Just as quickly, bandwidth issues and lack of remote equipment for workers to telecommute have become apparent. *Federal assistance for increasing internet bandwidth and speed as well as obtaining hardware to support telehealth and remote workers would greatly assist PMC during this crisis and beyond.*
- Mental Health and Other Support – There is no doubt that impacts from COVID-19 will have far-reaching and long-lasting impact on employees and patients. *We strongly believe that Federal support should include programs and/or funding to assist with mental health conditions such as depression, anxiety, PTSD and rebuilding after crisis.*

Financial Preparedness

Three significant pieces of legislation have been passed by Congress within the last several weeks with the most recent and largest of the three, the CARES act, having been passed barely over a week ago. Interpretative guidance is still coming out on a daily basis and we are aggressively pursuing all avenues available to PMC to mitigate the anticipated decrease in revenue and cash flow coupled with an increase in expenditures.

A short status of programs follows:

Program	Description	Calculation	PMC Amount	Status
Medicare Advances	Interest free loan for 120 days with an interest-free 12-month payback.	125% of Medicare payments for six-month period.	\$3.9M for hospital, swing bed and home health.	Have received \$2.4M of total and expect remainder next week.
Payroll Protection Program (PPP)	SBA loan that converts to a grant if staffing levels maintained	2.5 times the 2019 monthly average of payroll/benefits.	\$1.8M	Application filed and is with underwriter.
Medicare Sequestration Suspension	2% sequestration suspended	Medicare payments will increase 2% for May – December	Approximately \$85k for May - Dec total based on monthly average pre-COVID	Will monitor and quantify. Expect less benefit due to drop in volumes
\$100B Emergency Funding for Providers	\$30B to be released this week – expected to be grants.	\$30B expected to be allocated based on Medicare payments	Dollar amount for PMC is unknown.	Monitoring. Payments are expected as early as this week.
FEMA	Reimbursement for COVID-19 related expenses	Reimbursement of documented costs (75%)	Case worker assigned to PMC. Tracking mechanisms in place. Dollar amount TBD.	Will monitor and quantify. Will not duplicate other programs.
ASHNHA	\$75M for Emergency Relief	Unknown – Possibly as needed	TBD	Monitoring
Sick Leave and payroll tax credits	Various programs to provide sick leave, payroll tax credits and cash flow through deferral of payroll taxes.	Varies by program	TBD	Currently evaluating eligibility, requirements and conflicts with other programs.
Relaxed regulations and new billing opportunities	Temporary changes to billing regulations related to length of stay, number of beds, alternative sites of care. New billing opportunities for telehealth, COVID testing, etc.	Varies by program	TBD – based upon volume of COVID tests and patients.	Monitoring

Thank you for soliciting input on our critical needs and please let me know if you have questions or need any additional information.