



August 27, 2020

The Honorable Alex M. Azar II
Secretary, Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

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

Thomas J. Engels
Administrator, Health Resources and Services Administration (HRSA)
U.S. Department of Health and Human Services
5600 Fishers Lane
Rockville, MD 20857

RE: Ensuring Fair, Proportionate, and Equitable Funding for the 100 Largest Community Health Centers in America

Dear Secretary Azar, Administrator Verma, and Administrator Engels:

I am requesting your assistance to ensure fair, proportionate, and equitable funding for the largest Federally Qualified Health Centers (FQHCs) across the nation, specifically those with more than 500 employees each. Together, these 100 FQHCs serve 30% of all the medically underserved health center patients nationwide. In addition, I request any future FQHC emergency funding be distributed via the Provider Relief Fund and/or any future legislated funding be allocated on a strict per-patient basis, to eliminate future funding inequities negatively impacting the nation's largest health centers.

[Health Center Partners of Southern California](#) and its 16 members serve more than 850,000 patients each year, for 3.6 million patient visits each year, at 160 practice sites across San Diego, Riverside, and Imperial counties, **including five FQHCs that employ more than 500**. The Chief Financial Officers at these five FQHCs estimate a loss in revenue from April through June 2020 of more than \$88 million and staff reductions of 1,395. They also report less than 30 days of cash reserves on-hand and all report they would sustain an operating deficit and the closure of 46 practice sites.

Financial Strain and Challenges

Because of the COVID-19 pandemic, FQHCs have seen a reduction in services and postponed preventive and non-urgent care, which have significantly harmed financial viability. FQHCs operate on much slimmer margins than hospitals and other health care providers. FQHCs cannot weather the significant,



sustained losses caused by this pandemic without it impacting access to care for the most vulnerable among us.

While operations are beginning to rebound, FQHCs will not be up to full capacity for some time and will need additional financial support. For FQHCs to be successful in continuing to meet the care needs of communities across the nation, they must remain fiscally strong.

I appreciate the Department of Health and Human Services' (HHS) ongoing efforts to support the FQHCs' response to the COVID-19 pandemic, including the Health Resources and Services Administration's (HRSA) distribution of the \$1.3 billion allocated to FQHCs under the CARES Act. These funds were distributed in early April and provided a much-needed infusion of support at the time for the detection, prevention and treatment of COVID-19.

However, the funding formula adopted by HRSA disproportionately benefitted smaller health centers, by allocating a large base payment to all FQHCs, regardless of their size, and providing a much smaller adjustment based on the number of patients each served. **Consequently, large FQHCs received proportionately less than their smaller counterparts, even though they serve a greater number of patients.** This inequity was further compounded by the fact that smaller FQHCs were eligible to receive other CARES Act relief assistance, including the Paycheck Protection Program, for which FQHCs with more than 500 employees did not qualify.

A new tranche of FQHC funding gives HHS an opportunity to fix this problem, by directing HRSA to adopt a per-patient formula for all future distributions. This methodology would ensure all FQHCs are able to continue to provide critical frontline care to patients for the duration of this public health crisis.

For these reasons, I request any future FQHC emergency funding be distributed via the Provider Relief Fund and/or future legislated funding be allocated on a strict per-patient basis, to eliminate future funding inequities negatively impacting the nation's largest health centers.

I welcome the opportunity to speak with you further on this important matter. Please let me know how Health Center Partners may be of assistance to you as you consider this request.

Sincerely,

A handwritten signature in blue ink that reads "Henry N. Tuttle".

Henry N. Tuttle
President and Chief Executive Officer
htuttle@hcpsocal.org



HEALTH CENTER PARTNERS

of Southern California

CC: The Honorable Nancy Pelosi - Speaker of the House, United States House of Representatives
U.S. Representatives: Raul Ruiz, Scott Peters, Susan Davis, Juan Vargas, Ken Calvert, Mike Levin, Mark Takano
Jim Macrae - Associate Administrator, Bureau of Primary Health Care, Health Resources and Services Administration, U.S. Department of Health and Human Services
Tonya Bowers - Acting Associate Administrator for Primary Health Care Health Resources and Services Administration, U.S. Department of Health and Human Services

[Health Center Partners of Southern California](#), a family of companies, includes a 16-membership organization of federally qualified health centers, Indian Health Services Organizations, both urban and sovereign, and Planned Parenthood of the Pacific Southwest, collectively serving 850,000+ patients each year, for 3.6 million patient visits each year, at 160 practice sites across San Diego, Riverside, Imperial counties, with the seventh largest provider group in the region. Read our [2018/2019 Impact Report](#).