

COVID-19 Disaster Emergency Report

Pennsylvania Health Care Cost Containment Council

A Pennsylvania report on the effect of the COVID-19 disaster emergency on hospitals and health care facilities in the Commonwealth

Submitted to:

The Secretary of the Department of Health and the Secretary of the Department of Human Services.

The Chair and Minority Chair of the Appropriations Committee of the Senate and the Chair and Minority Chair of the Health and Human Services Committee of the Senate.

The Chair and Minority Chair of the Appropriations Committee of the House of Representatives, the Chair and Minority Chair of the Health Committee of the House of Representatives and the Chair and Minority Chair of the Human Services Committee of the House of Representatives.

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Pennsylvania Health Care Cost Containment Council
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COVID-19 DISASTER EMERGENCY REPORT

Introduction and Key Findings

The Pennsylvania Health Care Cost Containment Council (PHC4) has issued this report to provide data on the effect of the COVID-19 disaster emergency on Pennsylvania hospitals and health care facilities. As directed by Act 15 of 2020, this report represents the first installment in a series that will be updated quarterly for one year following the termination or expiration of the COVID-19 disaster emergency. In completing the report, PHC4 aggregated data related to COVID-19 expenses and lost revenue as reported by hospitals and health systems in the Commonwealth.

Pennsylvania hospitals and health systems reported **\$4,923,581,899** in COVID-19 related expenses and revenue losses for the period January – September 2020. These expenses and revenue losses were attributable to coronavirus and used to prevent, prepare for, and respond to the coronavirus pandemic.

Specific breakdowns include:

- Staffing Expenses: **\$379,254,059**
- Testing Expenses: **\$81,017,960**
- Supplies & Equipment Expenses: **\$258,131,384**
- Construction Expenses: **\$21,068,287**
- Housing Care Expenses: **\$543,592**
- Other Expenses: **\$88,422,942**
- Revenue Loss: **\$4,095,143,676**

This report reflects COVID-19 expenses and lost revenue as directed by Act 15 of 2020. This report does not reflect emergency funding provided under federal or state laws, including the Coronavirus Preparedness and Response Supplemental Appropriations Act, the Families First

Coronavirus Response Act, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), or the Paycheck Protection Program and Health Care Enhancement Act.

Background and Process

As directed by Act 15 of 2020, the Pennsylvania Health Care Cost Containment Council (PHC4) shall prepare a report to provide Pennsylvania data on the effect of the COVID-19 disaster emergency on hospitals and health care facilities in this Commonwealth by aggregating data related to COVID-19 expenses and lost revenue reported by hospitals and health care facilities in order to qualify for Federal and State assistance. The report shall include the following data points if available:

- Increased costs related to provider and staff training, including training on pandemic preparedness plans and the use of telemedicine.
- Increased staffing costs.
- Costs related to COVID-19 testing.
- Costs associated with sourcing and purchasing additional supplies and equipment.
- Costs associated with setting up emergency operations centers, including construction and retrofitting facilities to provide separate screening and security areas.
- Costs associated with providing housing and care for patients who do not require hospitalization but do not have housing in order to prevent spread of COVID-19.
- Loss of revenues due to suspension of elective services not related to COVID-19.
- Other data points required to be reported by hospitals or health care facilities to the Federal government or State government to receive COVID-19 assistance.

The report shall be submitted to the following:

- The Secretary of the Department of Health and the Secretary of the Department of Human Services.
- The Chair and Minority Chair of the Appropriations Committee of the Senate and the Chair and Minority Chair of the Health and Human Services Committee of the Senate.
- The Chair and Minority Chair of the Appropriations Committee of the House of Representatives, the Chair and Minority Chair of the Health Committee of the House of Representatives and the Chair and Minority Chair of the Human Services Committee of the House of Representatives.

The initial report shall be issued by the council no later than January 15, 2021, and shall be updated quarterly thereafter for one year following the termination or expiration of the COVID-19 disaster emergency under section 7301(c) (relating to general authority of Governor).

The PHC4, working in cooperation with the Hospital and Healthsystem Association of Pennsylvania (HAP), and input from their Chief Financial Officer Advisory Group, developed a survey tool to collect COVID-19 expenses and revenue loss related data to satisfy requirements of Act 15 of 2020.

The following language accompanied the COVID-19 survey distributed to hospitals and health systems on October 22, 2020:

The Health Care Cost Containment Act as most recently amended by Act 15 of 2020, requires health care facilities licensed by the Commonwealth of Pennsylvania to provide the Pennsylvania Health Care Cost Containment Council (PHC4) with COVID-19 related expenses and lost revenue reported by health care facilities in order to qualify for Federal and/or State assistance. PHC4 is required to present the first report to the Legislature and Governor no later than January 15, 2021. At this time, PHC4 is collecting these data for the first three quarters of calendar year 2020. Subsequent quarters of data will be collected quarterly thereafter. The Q1, Q2 and Q3 COVID-19 related data are due to PHC4 by November 30, 2020.

Health systems may submit as a complete system including all system hospitals, ambulatory surgery centers, physicians' practices, etc. These data will be used by PHC4 to produce a COVID-19 disaster emergency report that will be issued to the Secretary of Pennsylvania Department of Health, Secretary of Pennsylvania Department of Human Services, as well as legislative committees.

Fifty-three independent hospitals and 35 health care systems were asked to complete a COVID-19 survey and submit them to PHC4. Hospitals and health care systems were permitted to report as a system or individual hospital. There were 88 surveys distributed for 232 Pennsylvania hospitals. Ninety-one percent of hospitals and health systems responded.

COVID-19 Disaster Emergency Report Data Findings

Hospitals and health systems reported January – September 2020, quarterly, COVID-19 related expenses and revenue losses that were attributable to coronavirus and used to prevent, prepare for, and respond to coronavirus. Submissions included health care systems and independent hospitals that may include all system hospitals, ambulatory surgery centers,

physicians' practices, etc. The accuracy of the data is the responsibility of each hospital or health system respondent.

As part of this analysis, PHC4 also examined data from its hospital discharge database and compared the number of inpatient discharges and outpatient visits from Pennsylvania's general acute care hospitals and ambulatory surgery centers during the first two quarters of 2020 to the first two quarters of 2019. The results show sizeable decreases between the two time frames, which corresponds to the revenue losses reported by the hospitals for this report.

Staffing Expenses: COVID-19 related increased staffing and labor costs (salaries and benefits); expenses related to acquiring additional staff resources to expand or preserve care delivery and staffing emergency operation centers. Includes costs related to COVID-19 provider and staff training, (e.g., training on pandemic preparedness plans and the use of telemedicine), as well as temporary housing for staff.

- Total COVID-19 related staffing expenses for the first three quarters of 2020 reported by Pennsylvania hospitals and health systems were **\$379,254,059** (See table).

Testing Expenses: costs related to COVID-19 testing, including costs incurred from commercial lab services.

- Total COVID-19 related testing expenses for the first three quarters of 2020 reported by Pennsylvania hospitals and health systems were **\$81,017,960** (See table).

Supplies & Equipment Expenses: COVID-19 related costs associated with sourcing and purchasing additional supplies and equipment; such as, PPE and computer hardware or software related to preventing, preparing for, and responding to COVID-19; and may include temporary tents.

- Total COVID-19 related supplies & equipment expenses for the first three quarters of 2020 reported by Pennsylvania hospitals and health systems were **\$258,131,384** (See table).

Construction Expenses: COVID-19 related costs associated with setting up emergency operation centers, including, but not limited to, construction and retrofitting facilities to provide separate screening and security areas.

- Total COVID-19 related construction expenses for the first three quarters of 2020 reported by Pennsylvania hospitals and health systems were **\$21,068,287** (See table).

Housing Care Expenses: COVID-19 related costs associated with providing housing and care for patients who do not require hospitalization but do not have housing in order to prevent the spread of COVID-19.

- Total COVID-19 related housing care expenses for the first three quarters of 2020 reported by Pennsylvania hospitals and health systems were **\$543,592** (See table).

Other Expenses: other COVID-19 related expenses required to be reported to the Federal or State government to receive COVID-19 assistance; may include e.g., consulting to comply with Federal Emergency Management Agency (FEMA) and other federal regulations, workers comp and other negative financial consequences to prevent, prepare and respond to COVID-19.

- Total COVID-19 related other expenses for the first three quarters of 2020 reported by Pennsylvania hospitals and health systems were **\$88,422,942** (See table).

Revenue Loss: loss of revenue amount due to suspension of elective services and decreases in non-elective/emergent services not related to COVID-19; such as fewer outpatient visits, canceled elective procedures or services, or increased uncompensated care. It does not need to be specific to providing care for possible or actual coronavirus patients, but the lost revenue due to coronavirus.

- Total COVID-19 related revenue lost for the first three quarters of 2020 reported by Pennsylvania hospitals and health systems were **\$4,095,143,676** (See table).

Total COVID-19 Related Expenses & Revenue Loss: total COVID-19 related expenses and lost revenue reported by Pennsylvania hospitals and health systems for the first three quarters of 2020 amounted to **\$4,923,581,899** (See table).

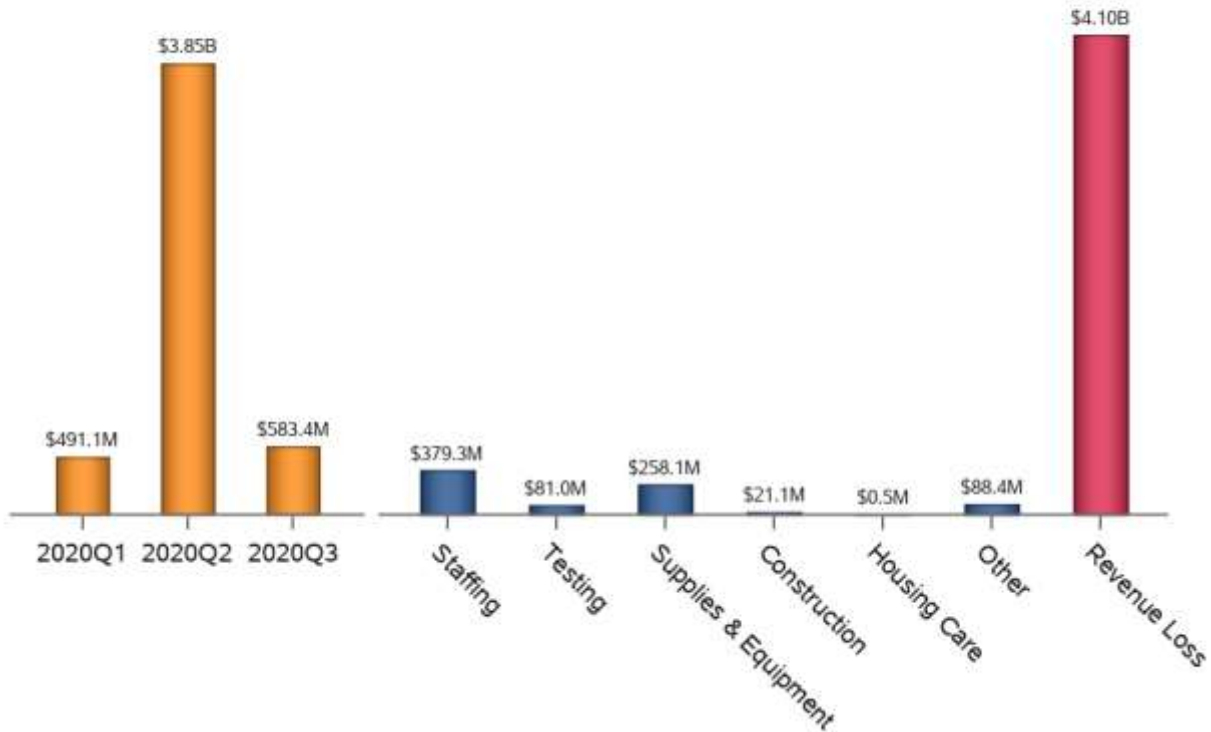
PHC4 COVID-19 Disaster Emergency - Expenses & Revenue Loss Survey
Summary Report (Due to rounding, numbers may not add up precisely to the totals provided)

Expense & Revenue Loss	2020Q1	2020Q2	2020Q3	SubTotal	Percent
Staffing	\$31,381,936	\$281,008,744	\$66,863,378	\$379,254,059	7.70%
Testing	\$3,123,749	\$34,694,919	\$43,199,292	\$81,017,960	1.65%
Supplies & Equipment	\$40,088,296	\$143,709,512	\$74,333,577	\$258,131,384	5.24%
Construction	\$4,441,115	\$13,164,772	\$3,462,401	\$21,068,287	0.43%
Housing Care	\$127,775	\$400,924	\$14,893	\$543,592	0.01%
Other	\$12,440,373	\$54,038,669	\$21,943,900	\$88,422,942	1.80%
Revenue Loss	\$399,521,997	\$3,322,028,000	\$373,593,678	\$4,095,143,676	83.17%
Statewide	\$491,125,241	\$3,849,045,539	\$583,411,119	\$4,923,581,899	100.0%

PHC4 COVID-19 Disaster Emergency - Expenses & Revenue Loss Survey
Summary Report (Million or Billion Dollars)

Categorized By Quarter

Categorized By Expenses & Revenue Loss



Total Discharges & Visits During Emergency Pandemic

	2020			2019		
	Q1	Q2	Total	Q1	Q2	Total
General Acute Care Hospitals - Inpatient	371,999	310,319	682,318	392,945	391,132	784,077
General Acute Care Hospitals - Outpatient	695,855	525,366	1,221,221	686,598	713,881	1,400,479
Ambulatory Surgery Centers	229,956	123,675	353,631	246,317	264,697	511,014

About PHC4

Created by the PA General Assembly in 1986, the PA Health Care Cost Containment Council (PHC4) is an independent state agency charged with collecting, analyzing and reporting information that can be used to improve the quality and restrain the cost of health care in the state. Today, PHC4 is a recognized national leader in public health care reporting. PHC4 is governed by a board of directors representing business, labor, consumers, health care providers, insurers, health economists and state government.

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