

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 second installment in a series that will be updated for one year following the termination or expiration of the COVID-19 disaster emergency. In completing this report, PHC4 aggregated data related to fourth quarter of 2020 and first quarter of 2021 COVID-19 expenses and lost revenue as reported by hospitals and health systems in the Commonwealth. The first report released on January 15, 2021 included data for the first three quarters of 2020.

Pennsylvania hospitals and health systems reported **\$1,430,224,226** in COVID-19 related expenses and revenue losses for the period October 2020 – March 2021. These expenses and revenue losses were attributable to coronavirus and used to prevent, prepare for, and respond to the coronavirus pandemic. Total COVID-19 related expenses and lost revenue reported by Pennsylvania hospitals and health systems through March 2021 (Jan 2020-Mar 2021) were **\$6,479,130,891** (See table).

Specific breakdowns for the October 2020 – March 2021 period include:

- Staffing Expenses: **\$271,879,725**
- Testing Expenses: **\$145,971,043**
- Supplies & Equipment Expenses: **\$174,975,269**
- Construction Expenses: **\$5,886,384**
- Housing Care Expenses: **\$7,354,694**
- Other Expenses: **\$154,333,157**
- Revenue Loss: **\$669,823,954**

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 was issued by the council January 15, 2021, and will 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.

Independent hospitals and health care systems were asked to complete a COVID-19 survey for quarterly data and submit it to PHC4. Hospitals and health care systems were permitted to report as a system or individual hospital. Ninety-one percent of hospitals and health systems responded for the first three-quarters of 2020, ninety-four percent responded to fourth quarter 2020 and seventy-one percent responded to first quarter 2021.

COVID-19 Disaster Emergency Report Data Findings

Hospitals and health systems reported their October – December 2020 (Q4 2020) and January - March 2021 (Q1 2021) 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 quarterly inpatient discharges and outpatient visits from Pennsylvania's general acute care hospitals (GAC) and ambulatory surgery centers (ASC) during 2020 to 2019. The results show decreases between the 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 Q4 2020 and Q1 2021 reported by Pennsylvania hospitals and health systems were **\$271,879,725** (See table).

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

- Total COVID-19 related testing expenses for Q4 2020 and Q1 2021 reported by Pennsylvania hospitals and health systems were **\$145,971,043** (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 Q4 2020 and Q1 2021 reported by Pennsylvania hospitals and health systems were **\$174,975,269** (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 Q4 2020 and Q1 2021 reported by Pennsylvania hospitals and health systems were **\$5,886,384** (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 Q4 2020 and Q1 2021 reported by Pennsylvania hospitals and health systems were **\$7,354,694** (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 Q4 2020 and Q1 2021 reported by Pennsylvania hospitals and health systems were **\$154,333,157** (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 Q4 2020 and Q1 2021 reported by Pennsylvania hospitals and health systems were **\$669,823,954** (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 Q4 2020 and Q1 2021 amounted to **\$1,430,224,226** (See table). Total COVID-19 related expenses and lost revenue reported by Pennsylvania hospitals and health systems through March 2021 is **\$6,479,130,891** (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)

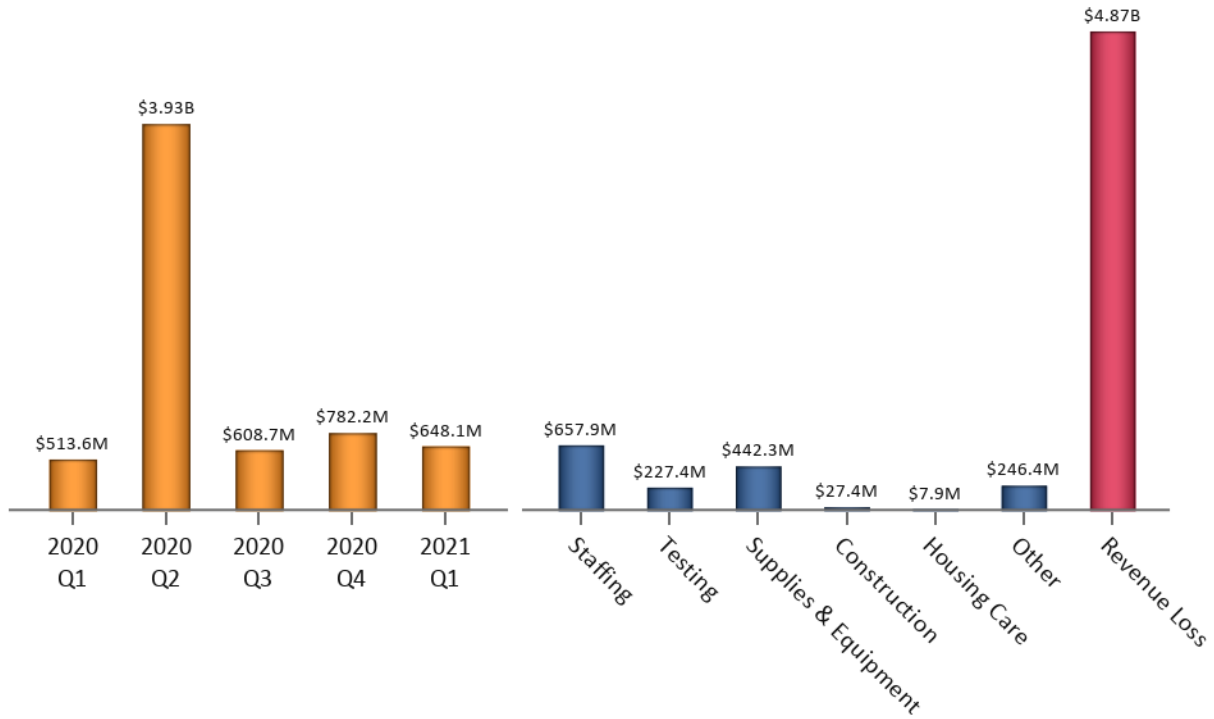
Expense & Revenue Loss	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	Total
Staffing	\$33,077,000	\$282,451,895	\$70,528,527	\$112,931,170	\$158,948,555	\$657,937,147
Testing	\$3,127,414	\$35,660,806	\$42,642,924	\$95,956,759	\$50,014,284	\$227,402,187
Supplies & Equipment	\$40,479,371	\$150,810,228	\$76,055,474	\$97,370,185	\$77,605,084	\$442,320,342
Construction	\$4,457,579	\$13,354,673	\$3,702,951	\$3,642,363	\$2,244,021	\$27,401,587
Housing Care	\$127,775	\$400,924	\$14,893	\$6,854,430	\$500,264	\$7,898,286
Other	\$12,549,062	\$55,545,275	\$24,002,509	\$99,289,277	\$55,043,880	\$246,430,003
Revenue Loss	\$419,752,289	\$3,388,372,995	\$391,792,099	\$366,109,024	\$303,714,931	\$4,869,741,339
Statewide	\$513,570,491	\$3,926,596,796	\$608,739,378	\$782,153,208	\$648,071,018	\$6,479,130,891

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

Facility Type	2020					2019				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
GAC Hospitals - Inpatient	371,999	310,319	361,151	365,976	1,049,445	392,945	391,132	383,300	383,518	1,550,895
GAC Hospitals - Outpatient	695,855	525,366	733,907	732,062	2,687,190	686,598	713,881	722,332	733,401	2,856,212
ASCs	229,956	123,675	251,049	254,817	859,497	246,317	264,697	254,847	264,287	1,030,148

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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